

The Highland Council

Education, Children and Adult Services – 12 November 2014

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| Agenda Item | 12. |
| Report No | ECAS 51/14 |

High Life Highland Progress Report

Report by Director of Care and Learning

Summary

This report presents information on the establishment, governance and future reporting on the performance of High Life Highland.

It is recommended that Members note:

- i. that a cross party group of Members, together with two HLH Directors will be meeting to review reporting arrangements;
- ii. that future HLH reports will be twice per year and cover: reporting required by the Service Delivery Contract, which is derived from Working Together for the Highlands, and how HLH is supporting the delivery of the Single Outcome Agreement themes; and
- iii. that HLH libraries are first in Scotland for cost per attendance and visits per 1000 population; and
- iv. the positive recognition of the High Life Leisure scheme by the Scottish Government Working Group on Sport.

The report contributes to a range of **Working Together for the Highlands** commitments and specifically to those relating to **Children and Young People** and **Empowering Communities**.

1. Background

1.1 High Life Highland (HLH) was established by the Council in October 2011 as a charity developing and promoting opportunities in culture, learning, sport, leisure, health and wellbeing. The Council has contracted with HLH to deliver its Public Services Obligations (PSO) relating to the following nine areas of work: Adult Learning; Archives; Arts; Leisure Facilities; Libraries; Museums; Outdoor Activities; Sport; and Youth Work.

1.2 The Council decision to deliver its Community Learning and Leisure services through HLH was made following the development of a business case. There were a number of reports considered by the Council, the links to these are below:

- i. Initial report exploring options - [Item14ECS1110](#)
- ii. Report agreeing initial scope - [Item8ECS3410](#)
- iii. Business Models - [Item8ECS5510.pdf](#)
- iv. The Scope of the Company - [Item8ECS0511](#)
- v. The Business Case - [Item8ECS1511](#)
- vi. Establishment of High Life Highland - [Item 18 HC-6-11](#)
- vii. Client Manager - [Item22RES6811](#)
- viii. Pensions - [Item22RES6911](#)
- ix. Appointment of Independent Directors - [Item19HC-15-11](#)
- x. Service Delivery Contract, Public Services Obligations and Services Fee - [ItemECS-35-11](#)

2. Company Governance

- 2.1 HLH was established by THC which agreed the HLH memorandum and articles of association and appoints the HLH directors. The HLH memorandum and articles of association can be seen by following this link: http://highlifehighland.com/uploads/general/Mem_Art_HLH_080911.pdf. The HLH Directors are appointed by the Council (eight independent directors and four councillor directors). The current Directors can be seen by following this link: <http://highlifehighland.com/about/directors>. The minutes of HLH board meetings can be seen by following this link: <http://highlifehighland.com/about/board-meetings>.
- 2.2 HLH has a trading subsidiary, High Life (Trading) CIC, to run the non-charitable elements of its business (these are currently small elements of the overall business such as the café and shop in the Highland Folk Museum, Newtonmore). The trading company directors can be seen by following this link: <http://highlifehighland.com/about/trading-company-directors>
- 2.3 HLH has established Board Committees and groups to help it to manage its business. These are:
- i. Finance and Audit Committee (established as a requirement of the HLH articles of association);
 - ii. Nominations Committee, for refreshing Board Directors as required (established as a requirement of the HLH articles of association); and
 - iii. Other temporary working Groups as required.
- 2.4 HLH has developed a business plan which has nine business outcomes:
- i. Delivery of the contract with THC
 - ii. A growing company
 - iii. Increased awareness of our products and services
 - iv. Increased customer satisfaction
 - v. Increased financial sustainability
 - vi. Increased internal collaboration
 - vii. Increased staff satisfaction
 - viii. A positive company image
 - ix. Safety and environmental compliance
- 2.5 The Board has undertaken two self-evaluations during its three years of operation facilitated by David Nicholl, Managing Director, On Board Training and Consultancy Ltd. The reviews of the Board's attitude towards governance were positive and action plans were developed following them.
- 2.6 At the second self-evaluation the board agreed to develop a ten year plan. Work on this is currently underway, along with the development of a new three year business plan. The work on the ten year plan is being supported by Highlands and Islands Enterprise (HIE). HIE has agreed that HLH be a "managed account" and has agreed to recognise HLH as a "community enterprise with growth potential" making it eligible for HIE development support, the first step of which is assistance with the ten year planning process.

3. Service Delivery Contract

- 3.1 The Council and HLH have signed a Service Delivery Contract (SDC) which specifies the Public Services Obligations (PSO) which the Council requires HLH to deliver on its behalf. The Council monitors the delivery of the SDC through the performance reporting requirements laid out in it which reflects the Council's programme: "Working together for the Highlands – a Programme for The Highland Council"; the ECAS Committee's Service Plans, the Gaelic Plan and the Play Strategy.
- 3.2 The formal monitoring of HLH forms part of the Quarterly Performance Reviews (QPR) of the Care and Learning Service where the Director of Care and Learning reports on progress against the Service Plan to the Council's Chief Executive.

4. High Life Highland - Monitoring

- 4.1 In addition to the quarterly monitoring, HLH contributes to the Annual Performance Indicators which the Council reports as part of the local government performance indicators and benchmarking framework. The HLH services which are assessed using the Local Government Benchmarking Framework are Leisure Facilities, Libraries and Museums. It should be noted that HLH is not the sole provider of Museums and Leisure Facilities in Highland. However, for cost per attendance, the Benchmarking Framework ranks Highland Libraries first in Scotland; Museums fourth, and Leisure Facilities tenth.
- 4.2 Services delivered by HLH feature well in the Council's Annual Survey of Performance and Attitudes. There are 47 Council services which are assessed for customer satisfaction as part of the survey and of these, HLH delivers Libraries, and is one of a number of delivers of Museums, Swimming Pools, Other Sports Facilities and Community Learning/Adult Education. In 2013 these services were ranked 2nd, 8th, 12th, 13th and 27th respectively.

5. National Recognition

- 5.1 In addition to the Local Government Benchmarking Framework recognising that Highland Libraries are the most cost effective in Scotland, the area's Libraries are also the best performing in Scotland in terms of the Audit Scotland figure of visits per 1000 population. Actual visits in 2012/13 (which includes public libraries, school libraries and electronic "visits") were 2,151,189 and have risen again in 2013/14 to 2,201,891.
- 5.2 The High Life low cost access to leisure scheme continues to receive national recognition. In early 2014, the HLH Chief Executive was asked by the Head of Policy for Sport and Culture at the Scottish Government to attend a session of the Working Group on Sport, chaired by ex-First Minister Henry MacLeish. Part of the work of the Group was to explore concerns that public leisure facilities have become so expensive that they debar many (often those who need it most) from using them as part of a healthy lifestyle. The High Life scheme was therefore of interest to the Group. The full report can be accessed via <http://www.scotland.gov.uk/Publications/2014/05/7927> and the following excerpt from the report highlights why the Scottish Government has shown an interest in the work of HLH:

"The group was also concerned that many LAs (and Leisure Trusts) view

sport and leisure delivery partly as a means to raise revenue rather than recognising the broader opportunity to address social and health issues. This has led to a situation where pricing strategies have been set that fail to fully take account of those in greatest need nor adequately support disadvantaged communities. In these circumstances, the group did not accept the view expressed by some that price isn't a major barrier to participation. Whilst accepting the budget constraints within which LAs and Leisure Trusts operate, the group concluded that the approach by LAs and Leisure Trusts is inconsistent and the variation in approach to pricing potentially contributing to static levels of participation and hence are concerned that the business model of many fails to support those in most need.

There are, however, some really interesting models being used by some trusts and the group looked specifically at the High Life Highland leisure trust as one example. It has developed a business model that aims to achieve high levels of membership through low subscription costs in order to remain as inclusive as possible. This approach has resulted in achieving dramatic increases in the number participating as members and ensures its financial viability via the volume of membership. Its model sits in contrast to other trusts which have proportionately fewer members but charge them substantially more.

It is therefore unclear why this model has not been adopted by more LAs and would encourage other LAs and Leisure Trusts to consider how best to implement this model. The group recognised that one of the limitations to this is a concern around the risk of loss of revenue for local authorities and/or leisure trusts. This should therefore be mitigated through the Scottish Government and/or sportscotland underwriting the financial viability of the model in the early years of its operation. Therefore sportscotland / Scottish Government should work with all LAs and Leisure Trusts to expand the model used by High Life Highland and ensure pricing strategies support those individuals in most need. This should include innovative support mechanisms including underwriting any losses to encourage transition away from a high price, low volume model towards a low cost, high volume model.”

6. Financial and Other Benefits

- 6.1 At the inception of HLH, the Council's aspirations were that the new organisation, in addition to effecting rates and VAT savings of over £1M per year, would also be able to act with greater speed, exploit income opportunities to a greater extent and benefit from the experience and focus of independent Directors.
- 6.2 In addition to the annual rates/VAT saving, since October 2011, HLH has achieved approximately £1.5M in efficiencies, income generation and savings, largely protecting services which otherwise would have been reduced.
- 6.3 The company has grown over this period, through additional work from the Council, for example, managing the community facilities at the Leanaig Centre, Conon Bridge Primary School; Library and Leisure Facilities at Aviemore Primary School; and the Ferrycroft Visitor Centre, Lairg. In addition, HLH has adopted the management of the previously independent Avero Leisure Centre, Alness, work previously undertaken by Coaching Highland and the management of a new

community funded all weather pitch in Golspie.

6.4 Building projects/enhancements which assist with cementing income generation and service improvement have been undertaken as follows: Dingwall Leisure Centre, Nairn Swimming Pool, Invergordon Leisure Centre; and work is on-going as part of future Council projects at Thurso Swimming Pool, Thurso Library, Inverness Royal Academy, Wick High School and as part of the East Ross Schools Review.

6.5 A key element of new services being delivered by HLH relates to the Prevention Agenda. In addition to operating seven area projects entitled "You Time" for the Council to a value approx. £140K, HLH has developed a very positive partnership with NHS Highland which includes a joint post and projects such as cardiac rehabilitation, slips, trips and falls prevention through exercise sessions in care homes and HLH facilities and is developing a significant prostate cancer awareness/prevention scheme with a national charity.

6.6 User numbers for key services have increase since the creation of HLH as follows:

| | Leisure Facilities Uses | Libraries Visits | Museums Uses |
|---------|-------------------------|------------------|--------------|
| 2010-11 | 986,000 | 1.9M | 119,000 |
| 2013-14 | 1.1M | 2.2M | 205,000 |

6.7 HLH hold quarterly meetings with Trade Unions, will be running its second bi-annual staff survey in February 2015 and have recently conducted a stress impact survey. Staff have reported an increase in morale since the creation of HLH, meetings with the unions have been positive and collaborative and the recent stress survey has indicated that there are no company wide issues.

7. Client Arrangements

7.1 The Council's Learning and Leisure Client Manager has recently retired and this presents an opportunity to review the client function within the Council. A cross party group of Members, together with two HLH Directors will be meeting to review arrangements. In the meantime, client monitoring continues through the following mechanisms:

- i. Fortnightly meetings between THC's Head of Adult Services and the HLH Chief Executive;
- ii. A standing invitation to THC's Head of Adult Services to the weekly HLH Heads of Service meetings;
- iii. HLH provide reports on the delivery of the SDC which feed into the Quarterly Performance Review meetings which take place between THC's Chief Executive and Director of Care and Learning; and
- iv. An update report on the delivery of the SDC by HLH will be presented twice yearly to the ECAS Committee beginning in November 2014. This framework may also offer the opportunity for HLH to discuss its contribution to wider agendas such as prevention, employability or achievement.

8. Future HLH Reporting

8.1 There will be an HLH report to the ECAS Committee every six months and it is proposed that this comprise:

- i. An update of progress against the actions in the SDC taken from Working together for the Highlands; and

- ii. A topic based update on how HLH is supporting the delivery of the Single Outcome Agreement themes (Economic recovery & growth; Employment; Early Years; Safer & Stronger +Reducing offending; Health inequalities; Physical activity; Outcomes for older people.

9. Implications

- 9.1 Financial Implications – There are three elements to the budget consultation for services delivered by HLH: (1) a 7% saving (2) a 4% additional income target which together make up £1.903M; and (3) a potential further 4% (£0.865M) saving.
- 9.2 There are no new Resource; Legal; Equalities; Climate Change/Carbon Clever; Risk, Gaelic; and Rural implications arising from this report.

10. Recommendation

- 10.1 It is recommended that Members note:
 - i. that a cross party group of Members, together with two HLH Directors will be meeting to review reporting arrangements;
 - ii. that Future HLH reports will be twice per year and cover: reporting required by the Service Delivery Contract, which is derived from Working Together for the Highlands, and how HLH is supporting the delivery of the Single Outcome Agreement themes; and
 - iii. that HLH libraries are first in Scotland for cost per attendance and visits per 1000 population; and
 - iv. the positive recognition of the High Life Leisure scheme by the Scottish Government Working Group on Sport.

Designation: Director of Care and Learning

Date: 4 November 2014

Author: Fiona Palin

Background Papers: