

The Highland Council

Education, Children and Adult Services Committee – 27 August 2015

Agenda Item	8.
Report No	ECAS 54/15

Rationalisation of Leisure Management

Report by the Chief Executive

Summary

This paper proposes that the Council initiates a process leading to Inverness Leisure and High Life Highland restructuring to become a single organisation. There are obvious overlaps between the activities of these two Arms Length External Organisations and clear opportunities for rationalisation to protect and improve services and to achieve best value.

1. Background

- 1.1 Inverness Leisure Limited (IL) is a company limited by guarantee and a registered charity. Its members are the 13 Trustees (Directors) who make up the Board of the company. 4 of its Trustees are appointed by the Council and the remainder are appointed by the Board on the recommendation of various user groups or chosen from the business community. It is funded by the Council to provide leisure services in the Inverness area through a Service Level Agreement.
- 1.2 High Life Highland (HLH) is a company limited by guarantee and a registered charity with the Council as its sole Member. Its Board of Directors is made up of 4 Council appointed Directors and 8 Independent Directors. It delivers the Council's Public Service Obligations for: Adult Learning, Archives, Arts, Leisure Facilities, Libraries, Museums, Outdoor Education, Sport, and Youth Work across the Highland area through a Service Delivery Contract with the Council.
- 1.3 Both are successful organisations which deliver excellent services to Highland residents and visitors. They both use the High Life Card scheme which has received national recognition as an exemplar scheme enabling low cost family access to a range of leisure, health and fitness opportunities throughout the Council area.
- 1.4 Discussions have taken place between senior officers of IL, HLH, Eden Court and the Council - initially to explore options for joint working. While these discussions have been constructive, it has become clear that there is now a strong case for bringing IL and HLH together to form one larger and more cohesive organisation. The Council Leader has shared this view in recent positive discussions between Council Leaders and the Chairs, Vice Chairs and Chief Executives of the 2 Arms Length External Organisations (ALEOs).

2 Provision of Leisure Services

- 2.1 The provision of leisure services in the Highlands involves the public, private and third sector. The Highland Council is the major provider of these services and has chosen to do this by establishing, funding and treating these two organisations as ALEOs. IL provides services in Bught Lane, Inverness, which is the largest leisure facility in the Highlands. HLH provides a wider range of leisure services including sport, culture, learning, health and well-being services from leisure centres, libraries, schools etc. located in communities across the Highlands.
- 2.2 Both IL and HLH are successful organisations which have delivered, and often exceeded, the objectives set by the Council. They operate in a commercial environment and benefit from the freedoms which are fundamental to their arms-length status. The Directors, Managers and staff of IL and HLH can be proud of the services they provide to Highland residents and visitors.
- 2.3 Inverness Leisure operates a membership card as part of the Highland-wide “High Life” scheme and therefore members of Inverness Leisure can also access High Life leisure centres throughout the Highlands.
- 2.4 The High Life Card scheme is a central part of the business of both organisations and it has received national recognition by greatly increasing access to services for individuals and families who pay a monthly fee for access to the facilities of both organisations. However this arrangement may be limiting the potential for further growth where both organisations can at times find themselves competing for the same customers. This creates a disincentive for promotional and marketing activity. Such activity would increase total income but not necessarily for the organisation which invests in the promotion.
- 2.5 Each organisation has a management team appropriate to its remit and the scope of its activities. In the context of the Council’s worsening budget position it will be necessary to further review funding levels to both IL and HLH in the years ahead. An obvious and constructive way to reduce costs without impacting on front line services is to rationalise back-office functions including the costs of management roles duplicated in each organisation. A single management team could, at significantly lower cost, plan and deliver more integrated services and more efficient support functions. A larger single organisation would also allow benefits for staff in terms of career progression and geographical mobility.
- 2.6 Looking ahead, the Council has committed to establishing a Regional Sports Facility in the west of Inverness which has the potential to transform the range and quality of services available in the Highlands. As this is a Regional facility, situated close to the Inverness Leisure facility, it must be seen as a key driver to move now to rationalise the management and provision of leisure services in the Highlands.
- 2.7 The Prevention agenda is high on the priorities of the Council, its community

planning partners and the Scottish Government. Physical activity, health and wellbeing are key contributors to the prevention agenda. Having a consistent and unified approach in Inverness and across the Highlands would enhance partnership working and ensure equity.

- 2.8 The Scotland wide experience is a move to generate greater synergies between leisure, culture and informal learning, resulting in the bringing together of separate ALEOs such as in Perth and Kinross, South Lanarkshire and as under discussion in the Borders. These synergies include the attraction of participants in one field to partake in another, with a resultant increase in overall activity along with social, health and wellbeing benefits.

3 The Way Ahead

- 3.1 The Council has taken initial legal advice from Harper Macleod regarding assessment of possible options for restructuring the delivery of services by IL and HLH, including the potential for amalgamation. There are a number of options including
- transfer of business
 - merger
 - the formation of a new ALEO to replace these 2

For each option there are considered to be opportunities and risks. Appraisal of the options would involve consideration of impact on customers, staff, charitable status, costs, property etc and this work has not yet been done. The appraisal would be best done by IL and HLH working together with the support (as required) of Council officers.

- 3.2 Building on the constructive discussions which have been held to date it is therefore proposed that the Chief Executives of IL and HLH are asked to work together (involving a Director of each Company if considered appropriate) to appraise the options and produce a rationalisation plan resulting in a single organisation to deliver the functions of both existing organisations.
- 3.3 Timing is important here as the planning of the Regional Sports facility is a current challenge and the Council will need to consider funding levels as part of its budget setting process in February 2016. In this context it is proposed that the rationalisation plan is required by 30th September 2015 and that this should form part of a further report to Members with a full analysis of the opportunities and options for the way ahead.

4 Implications

4.1 Resources

Significant efficiencies can be achieved through the reduction of duplication in the organisation of these services, and this can contribute to the Council's budget planning.

4.2 Legal

The Council has taken initial legal advice regarding the options for restructuring

these services. For each option there are considered to be opportunities and risks, which will require to be fully appraised and taken account of.

- 4.3 There are no Rural, Equalities, Gaelic or Climate Change implications, and it is anticipated that the restructuring can be achieved without disruption to services.

5 Recommendations:

Members are asked to AGREE that

- 5.1 The Chief Executive should write to the Chief Executives of IL and HLH asking them to work together to appraise the options and produce a rationalisation plan resulting in a single organisation to deliver the functions of both existing organisations. The plan is required by 30th September 2015.
- 5.2 A further report should be brought back to Committee or Council for decision. The report should present a full analysis of the opportunities and options for the way ahead.

Designation: Chief Executive

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Date: 18 August 2015