

Agenda Item	10
Report No	EDI/46/18

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 16 August 2018

Report Title: Proposals for the Future Management of Facility Lets

Report By: Director of Development and Infrastructure

1. Purpose/Executive Summary

- 1.1 This report provides Members with an update on the progress made by the Management of Lets project and outlines a number of proposals for the future management of lets in schools and other Council buildings.

2. Recommendations

- 2.1 Members are asked to:
- i. note the progress made with improving the lets booking process;
 - ii. note the progress with rationalising which schools are open for evening community lets, including engagement with Head Teachers and an assessment of the use of out-of-school hours in Public/Private Partnership (PPP) schools as set out at section 5 of this report;
 - iii. note the revised price structure as set out in section 6 and **Appendix 2** of this report;
 - iv. agree to continue current concessions of free lets as set out in section 7 of this report; and
 - v. note the intention to develop marketing and promotion once these proposals are implemented.

3. Introduction

3.1 On 27 October 2016, Highland Council agreed the recommendation of the Redesign Board that Catering, Cleaning and Facilities Management (CCFM) and Janitorial Services should transfer to Development & Infrastructure (D&I) with effect from April 2017. The transfer included responsibility for the management of lets in schools. The transfer is now complete, following the creation of a comprehensive Property and Facilities Management (PFM) service in D&I. With regards to the management of lets, a project was set up to complete the outstanding Lets Review and to create a new lets management system.

3.2 Highland Council Corporate Plan 2017-22
The Management of Lets Project contributes to the following Corporate Plan Key Priorities:

- 2.5 – Protect the delivery of education in our schools by implementing an ambitious schools' management programme to support our Head Teachers and staff, securing long-term sustainability, especially in our rural communities.
- 5.4 – Adopt a commercially minded and innovative approach to generate income to support council services and jobs across the region.

3.3 Management of Lets Project

3.3.1 The objectives of the project are to:

- provide a quick and efficient lets booking system;
- reduce the administrative burden on HTs, school offices, RPOs;
- increase public and community use of schools and other Council buildings;
- provide a seamless approach alongside HLH and PPP schools; and
- generate income to cover both the full cost of providing the service and earn income for the Council.

3.3.2 The project comprises the following four areas of work:

- design an improved process for booking lets;
- rationalise properties available for lets;
- income and charging; and
- develop the letting business.

3.4 Profile of Existing Lets

- existing lets are mainly for classrooms/meeting rooms (31%), small halls (30%), large halls (22%) and sports pitches (grass and all weather) (12%);
- the majority of lets (70%) take place in schools in Inverness and Nairn Associated School Groups (ASGs). There is also significant lets activity in Thurso, Fortrose and Invergordon ASGs;
- lets took place in 96 schools (roughly half of all Highland schools) although only 30 schools hosted more than 100 lets per year: roughly 3 per week in term time (38 weeks);
- in 2016/17 there were a total of 10,206 lets in Non-PPP schools and a further 3,153 in PPP schools giving a total of 13,359. The total let duration was 33,074 hours (average duration of approx. 2.5 hours per let);
- in 2016 the combined income achieved for lets was £218,565; this was against a target (i.e. income budget) of £207,825;
- school lets appear to be declining. Full financial year data is only available from April 2016, however a report to ECAS in August 2014 estimated annual use at 50,000 hours based on data gathered Aug 2013 to April 2014. Compared with

- 16/17 volumes, this indicates a decline of one third over 4 years; and
- a further comparison of lets between Apr-Sept 2016/17 with Apr-Sept 2017/18 indicates a decline of 25% in the number of lets for this period.

3.5 Member Consultation

The proposals in this report have been presented and discussed at Redesign Board workshops on 10 and 17 October, 14 November and 5 December 2017, and the Chair of EDI Committee was also consulted in October 2017. Valuable feedback and guidance provided by Members at these workshops and consultations has enabled the Project Team to consider and amend the proposals accordingly.

4. Booking Process

- 4.1 The lets booking process, which evolved as a temporary solution and involves three Council services, has been examined as a Lean project. The booking process was found to comprise 61 separate steps and frequently failed its own 10 day booking deadline (39% of cases). It involved a small amount of time (which varied widely, but was often only a few minutes per week) of an estimated 203 staff, but which only totalled 2.5FTE.
- 4.2 The Lean project has identified opportunities to significantly reduce the lets booking process to 8 steps for schools that are selected to be open for community lets, following the rationalisation process outlined in Section 5 below. The lets booking process will be administered by a small central booking function located in PFM to ensure that key resources (i.e. staff to facilitate lets) are correctly and efficiently scheduled.
- 4.3 The redesigned lets process includes a manual check of school and PFM staff availability for schools outwith busiest ASGs and for school events in schools not normally used for lets in the busiest ASGs. This manual check also includes the currently separate processes for equipment hire and use of school kitchens. Facilities and time slots available to be booked will be agreed in advance with Head Teachers, thereby greatly reducing the variation in the end-to-end booking time.
- 4.4 Full implementation of a new booking process is reliant on a dedicated IT solution, which will be subject to working with the ICT team to investigate suitable software solutions. However, in the meantime a number of interim improvements will be implemented including:
- creation of a central booking function;
 - creation of an online booking form;
 - creating a database of facilities available in each school;
 - establishment of pre-agreed times slots and facilities in schools open for lets;
 - a review of terms and conditions including clarifying cancellation terms; and
 - the roll out of an effective invoicing process.

5. Rationalising Schools Available for Lets

- 5.1 In line with Council policy agreed at ECAS Committee in 2014, it is proposed to select certain schools in the busiest ASGs to be available for lets, rather than opening each school on demand. This includes schools in Inverness, Nairn, Thurso and Fort William which together account for approximately 80% of all lets. This will allow facilities in those selected schools to be available for lets at times agreed in advance with Head Teachers, which will support the streamlined booking process and staff scheduling. The remaining schools in these ASGs would only open either for after-school activities (typically finishing before 6pm) or for any school events held in the evening. Outwith

the busiest ASGs, where there are comparatively few lets, schools will continue to be available for community lets on demand, with PFM facilitating lets where staff are available.

- 5.2 Schools will be given first refusal and will be able to book slots in advance to ensure that the school is available for school events – for example school concerts, parent evenings and exams. Property Management and Maintenance will also be able to block out the calendar to prevent community bookings when scheduled maintenance and repairs are taking place.
- 5.3 Rationalising the schools open for lets also helps to control costs. By focussing lets in the busiest schools staff requirements are reduced and lets can be covered by staff rotas as far as possible, reducing need for overtime. Utilities and wear and tear costs are also reduced.
- 5.4 Schools will be selected to open for evening lets according to the following criteria:
- facilities available in each school;
 - the volume of lets in each school;
 - PPP2 schools – to utilise all contracted out-of-school hours; and
 - availability of local alternatives, including High Life Highland (HLH) and community run facilities.
- 5.5 At the time of writing, the selection of schools to be open for lets has been completed in Culloden, Millburn, Inverness High School, Charleston and Nairn ASGs. This is being followed up with visits to selected schools to identify the facilities that are available to let, to review any security etc. implications and to discuss and resolve any Head Teacher concerns relating to lets.
- 5.6 The Council currently has a contracted allocation of 15,000 'Flexible Use Hours' (FUH) to use for activities, including lets, outside core hours (08:00-18:00) across the whole PPP2 estate (see **Appendix 1** for list of PPP schools).
- 5.7 In 2013, in response to increased demand, the Council negotiated an increase from the original 12,000 hour allocation to 15,000 at an additional cost of £90K per year. Since then, demand has dropped to approximately 13,500 hours per year.
- 5.8 Following discussion at the Redesign Board, where Members were concerned to ensure that any reduction in FUH does not affect community use of schools, it is proposed to open negotiations with the PPP2 provider to reduce the FUH allocation to 13,500 hours per year. Until the transfer of responsibility for PPP transfers from Care and Learning to Development and Infrastructure, these negotiations will be led by Head of Resources and PPP Projects Officer.
- 5.9 In the PPP1 contract, (which consists of 4 schools), the core hours allocation (08:00-22:00) is generally sufficient to accommodate all current lets.

6. Future Price Structure

- 6.1 The lets price structure dates back to 2009 when the current policy was formulated with the aim of harmonising the price of lets between schools and leisure centres. It also sought to standardise charges for community, semi-commercial and commercial lets.
- 6.2 The policy remains relevant and appropriate and has remained more or less intact being implemented both by Highland Council and HLH, although differing annual price increases over the years have led to a slight differences in pricing.

- 6.3 The project has reviewed the current price structure, comparing prices with other Highland providers, HLH and with other Local Authorities (sportsotland research) and it is found to be competitive, charging prices that are comparable.
- 6.4 It is proposed to work in consultation with Communities and Council Services, including HLH, to achieve the 2009 policy aim of parity between school and leisure centre lets prices, and to make a number of other amendments to the pricing structure to simplify and update it as appropriate. (See **Appendix 2** for the revised Lets price structure).
- 6.5 The following amendments have been introduced as of 1 April 2018:
- develop comprehensive guidance/ criteria to ensure consistency and transparency;
 - remove weekend surcharge (25%), but retain surcharge for any lets finishing after 10pm;
 - clarify eligibility criteria for each band to improve transparency;
 - increase and consistently apply charges for use of changing rooms and floodlighting;
 - change the Band A meeting room from 3hr flat rate to a per hour rate;
 - introduce Price on Application for significant events and for large scale/ exclusive use;
 - introduce negotiable discounts for all day lets (and develop guidance); and
 - review Terms and Conditions.

7. Free Lets

- 7.1 Approximately half of all lets in 2016/17 were not charged for. The majority were either school, Highland Council or HLH lets for which no charge should be levied. A report to ECAS in August 2014 provided a comprehensive list of activities that qualify as school activities and it is proposed that this list is retained (See **Appendix 3**).
- 7.2 It is also proposed that Highland Council and HLH events will not usually be charged, unless it is required that premises are especially opened where a suitable and open alternative is available; or where either organisation is arranging a commercial event.
- 7.3 With regards to playgroups and out of school childcare, statutory entitlement and arrangements for their provision are currently going through a number of changes. It will be worth reviewing the charging regime for the mix of Council, community/third sector and private provision once the new arrangements have settled in.
- 7.4 Following discussion at the Redesign Board it is proposed that the current concessions for free lets for the following groups/organisations continue as follows:
- Uniformed groups (e.g. scouts, guides, cadets)
 - Community Council meetings
 - Highland Council Members' surgeries
 - Feisean (Holiday programmes only)
 - Local and National Mods (current agreement with for National Mods expires after National Mod in 2020 in Inverness)

Where possible, these groups will be directed to premises that are already open and hosting lets to help control facilitation costs.

8. Promotion and Marketing

- 8.1 The proposals outlined above are concerned with updating and improving the mechanics of the lets service – the booking process, the facilities available and the pricing structure. Once this is complete there is further work required on the following:
- Expanding the lets service from schools to all Council facilities to ensure income earning opportunities across the Council estate are maximised.
 - Promoting and marketing the facilities the Council has available, drawing on the

experience and expertise of the Council Commercial Manager, HLH and other Local Authorities. To this end a marketing strategy will require to be drawn up and implemented.

9. Implications

- 9.1 Resources: The resource requirements of the proposals in this project will be managed within existing PFM and Lets Project resources.
- 9.2 Legal: There are no legal implications associated with the proposals in this report.
- 9.3 Community (Equality, Poverty and Rural):
- 9.3.1 Equality: The proposals in this report aim to strike a balance between covering the costs of providing the lets service to the community and retaining prices that are affordable. Band A (community groups) prices keep costs to a minimum for community users. With regards to age, activities for under 18's, full time students and over 65s continue to qualify for a 50% discount for activities included in Bands A and B.
- 9.3.2 The rationalisation of schools available for lets will focus on urban areas minimising any required additional travel, and ensuring the best facilities are available. Otherwise these proposals present no change from the current position so have no adverse impact on groups/individuals on the basis of disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation.
- 9.3.3 Poverty: Although the proposals in this report will lead to some price adjustments (some will increase; others will be unchanged), these remain affordable and competitive in the market place (based on project research of Highland providers and sportscotland research on other Local Authorities).
- 9.3.4 Rural: The proposals outlined in this report aim to maintain rural access to schools and other Council facilities.
- 9.4 Climate Change / Carbon Clever: Rationalisation of the number of buildings being opened for single lets will assist towards the Councils drive to reduce energy consumption.
- 9.5 Risk: The main risk is that decreasing demand for lets will mean that income targets are not achieved. The service will monitor uptake and income on a monthly basis as part of budget monitoring and will take appropriate steps within policy to ensure demand remains buoyant, including through marketing and promotion.
- 9.6 Gaelic: The proposals in this report continue Council support for Theme 4 – Gaelic in the Arts, Culture and Heritage of the Gaelic Language plan by continuing to provide premises for Feisean and for Mods.

Designation: Director of Development and Infrastructure

Date: 30 July 2018

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Appendix 1

List of PPP Schools

PPP1	PPP2
<ol style="list-style-type: none">1. Ardnamurchan High School2. Glen Urquhart High School3. Spean Bridge Primary School4. Strathdearn Primary School	<ol style="list-style-type: none">1. Cawdor Primary School2. Culbokie Primary School3. Dingwall Academy4. Drummond School5. Gaelic Primary School, Inverness6. Inshes Primary School7. Kinlochleven High School8. Kinlochleven Primary School9. Millburn Academy10. Portree High School11. Resolis Primary School

Appendix 2

Revised Lets Price Structure Highland Council Lets Price List Apr 2018 – Mar 2019

Ref	Facility	Duration	VAT	Band A	Band B	Band C
1	Classroom/ small meeting room/ staff room or space of equivalent size	Per hour		£10.00	£22.00	£79.80
2	Large meeting room/ community room or space (1-2 badminton court size)	Per hour		£17.70	£26.40	£91.50
3	Small Hall/ dance studio/ gym equivalent to 1-2 badminton court size (non-sporting or recreational activity)	Per hour		£17.70	£26.40	£91.50
4	Small Hall/ dance studio/ gym equivalent to 1-2 badminton court size (sporting or recreational activity)	Per hour	Inc. VAT	£21.30	£31.70	£109.80
5	Games Hall/ social space or space equivalent to 3-4 badminton court size (non-sporting or recreational activity)	Per hour		£39.20	£51.35	£162.60
6	Games Hall/ social space or space equivalent to 3-4 badminton court size (sporting or recreational activity)	Per hour	Inc. VAT	£47.10	£61.70	£195.20
7	Theatre (subject to availability)	Per hour	Inc. VAT	£45.20	£58.50	POA
8	Grass Playing Field/ Track	Per hour	Inc. VAT	£26.40	£34.60	£92.00
9	Full All Weather Pitch	Per hour	Inc. VAT	£30.60	£42.25	£126.35
10	Full All Weather Pitch with lights	Per hour	Inc. VAT	£38.20	£57.70	£149.60
11	MUGA (Multi Use Games Area)	Per hour	Inc. VAT	£10.20	£14.10	£42.20
12	MUGA with lights	Per hour	Inc. VAT	£12.80	£19.30	£49.90
13	Changing (for outdoor sports facilities)	Per hour	Inc. VAT	£15.80	£15.80	£23.60

Notes:

- (a) The above facilities may not be available to hire in every school
- (b) Lets for part (e.g. one third) of All Weather Pitches are charged pro rata
- (c) Lets of a non-standard length are charged on a minimum of half hourly basis and rounded up e.g. 1 hour and 15 minutes is charged 1½ hours.
- (d) Charges are reviewed 1st April each year; lets after that date will be subject to the new charges.

CHARGING BANDS	
Special and Large Scale Events	Price on application
Band C: Commercial	Commercial organisations for profit making activities including instruction, dance, events, sales and spectator events
Band B: Semi-Commercial	Instructed sporting or educational activities where the instructor retains the income , elections, unlicensed ceilidhs and dances where an individual retains the income , weddings
Band A: Community/ Voluntary	Sporting, social, political and religious activities, free instruction (i.e. no charges for participants), musical competitions.
No charge	Community Council meetings, Uniformed groups (Guides, Scouts etc.), Feisean (school holiday programmes only); Blood Transfusion Service.
DISCOUNTS	50% reduction where 100% of participants are under 18, full time students or over 60. Discounts only apply to Bands A and B
SURCHARGES	Surcharges will be charged on a full cost recovery basis for lets finishing outwith normal operating hours (Mon-Fri: 10pm, weekends: varies from venue to venue) and for any additional cleaning required
VAT ON SPORTING AND RECREATIONAL LETS	VAT is chargeable at the current rate on sporting/ physical recreation lets as per the conditions set out in section 5 of HMRC Notice 742 Land and Property. See https://www.gov.uk/government/publications/vat-notice-742-land-and-property/vat-notice-742-land-and-property for further information, including the circumstances where exemptions from VAT apply.

Appendix 3

Extract from Education, Children & Adult Services Committee (28 August 2014)

Agenda It.11: School Lets Project

6.6 School Use

Establishing the principle that external groups/individuals using schools to deliver their activities should be subject to charges would not affect the use of schools outwith the standard school day/year for activities directly related to school business such as, for example:-

- School-related events e.g. parents' nights, school discos, concerts, school sports teams' practices and matches, information sessions
- Parent Councils – for regular meetings
- Parent Support Groups – for regular meetings
- Fundraising activities that directly benefit the school for example, events organised by schools, pupils or parents for school funds or school trips
- Activities directly organised and under the control of Active Schools' Co-ordinators and that are delivered as an integral part of the Active Schools' programme
- Activities that are part of the defined curriculum but happen to take place after school
- Extra-curricular activities for school pupils:-
 - That are run by teachers or parent volunteers or by commissioned groups under the direct control and supervision of the Head Teacher
 - And, where the school retains responsibility for issues such as health and safety, child and adult protection, insurance, security etc.
 - And, are either free of charge to participants or where the school receives the income
- Occasional one-off use as sanctioned by the Head Teacher for activities that contribute directly to the achievement of wider school objectives e.g. quizzes for pupils organised by rotary clubs.