

PERTH AND KINROSS COUNCIL

26 June 2013

**SECURING THE FUTURE FOR CULTURE AND LEISURE SERVICES
PROGRESS UPDATE****Report by Executive Director (Education and Children's Services)****PURPOSE OF REPORT**

This report updates Council on the final steps to achieving sole member status for Horsecross Arts and Live Active Leisure. Sole member status was part of the wider proposals agreed by Council on 28 September 2011 to deliver savings and explore alternative service delivery models for culture and leisure provision. Both organisations will be established as sole member companies, in line with the deadline reported to Council on 3 October and 19 December 2012.

1. BACKGROUND / MAIN ISSUES

- 1.1 On 30 June 2010 (Report No 10/357 Securing the Future – Towards 2015 and Beyond refers), the Council agreed proposals intended to deliver savings and explore alternative service delivery models for culture and leisure services, including the services delivered by the Council's arm's length providers, Horsecross and LAL. Key drivers for change related to procurement, State Aid, governance and accountability, and financial and operational sustainability.
- 1.2 At its meeting on 28 September 2011, (Report No 11/497 – Securing the Future for Culture and Leisure Services refers) the Council agreed a range of proposals to make changes to the existing service delivery model for culture and leisure services with Horsecross and LAL. A two-company sole member model was agreed as part of these proposals.
- 1.3 Specifically, the Council agreed to:
 - i. Change both Horsecross and LAL to sole member companies with the Council as the sole member of each organisation
 - ii. Review the governance and accountability arrangements between the Council, Horsecross and LAL, in the context of the new model and also in the light of published guidance from Audit Scotland on Arm's Length external Organisations (ALEO's)¹, and from the Office of the Charities Regulator (OSCR)²

¹ *Arm's Length External Organisations (ALEO's): are you getting it right?* A report by the Accounts Commission, published on 16 June 2011

Roles and working relationships: are you getting it right? A report by the Accounts Commission, published on 26 August 2010

² *Who's in Charge: Control and Independence in Scottish Charities?* A report by the Office of the Scottish Charity Regulator (OSCR), published on 16 March 2011

- iii. The development of a revised Strategic Framework of Engagement to clarify the roles of Horsecross and LAL in delivering on the Council's key strategies and priorities for culture and leisure
- iv. The Council, working with both organisations, to lead a review of the monitoring and management arrangements with Horsecross and LAL to reflect the revised strategic framework of engagement, and the operational and strategic interaction of both organisations with the Council
- v. Horsecross and LAL working with the Council to review opportunities for increased collaborative working and to identify opportunities for further efficiencies and savings and put in place strategies to achieve this
- vi. The Council working with the LAL Board to find a solution to funding pressures already identified
- vii. Processes being put in place to resolve all necessary contractual issues
- viii. The Council undertaking a biennial review of the delivery arrangements to identify any further changes required to the delivery model or the scope of services being delivered, the first of these to be focused on assessing the progress and effectiveness of the two-company model.

2. PROPOSALS

2.1 Progress against each of the proposals is as follows.

- i. Proposals i-iii above relate to changes to the overall governance and accountability, contractual monitoring, and relationship management arrangements in place between the Council, Horsecross and Live Active Leisure. Horsecross Arts formally became a sole member company on 13 May 2013. Live Active Leisure will formally become a sole member company on 20 June 2013. Both remain independent charitable trusts, but with the Council as sole member of both companies.
- ii. New legally binding Articles of Association for both sole member companies have been formally agreed by the Boards of Horsecross and Live Active Leisure. These reflect their new constitutional status which in turn ensures the best practice recommendations of Audit Scotland on ALEOs are met, as well as satisfying the requirements of the Office of the Scottish Charity Regulator.
- iii. Since the progress report to Council on 19 December 2012 (Report No 12/590) a Memorandum of Understanding has also been formally agreed by both Boards. A presentation and session will be provided to Elected Members to further a shared understanding of how this document will work in practice, as well as how political scrutiny and engagement and performance and contractual monitoring will be exercised.

- iv. A review to identify further efficiencies through collaborative working between Horsecross and LAL has been scoped and will begin in summer 2013.
- v. Officers worked closely with LAL colleagues to identify a new contract with LAL which reflects the revised budget position. The contract negotiations have helped to cement the new working relationship by setting the expectations of the Council as strategic commissioner of services and the operational context for LAL in delivering services.
- vi. There remain a number of property and contractual issues to be resolved with Horsecross.
- vii. The first Biennial Review of performance by both companies will be due in September 2015. Terms of reference and scope will be prepared in early 2014.

3. CONCLUSION AND RECOMMENDATIONS

3.1 It is recommended that the Council:

- (i) Notes that the new arm's length delivery model for culture and leisure services, as agreed by Council on 28 September 2011, has been implemented.
- (ii) Delegates authority to the Executive Director (Education and Children's Services) to continue development of the new working relationship with Horsecross Arts and Live Active Leisure.

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Date: 6 June 2013		

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Council Text Phone Number 01738 442573

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	
Corporate Plan	
Resource Implications	
Financial	
Workforce	N
Asset Management (land, property, IST)	N
Assessments	
Equality Impact Assessment	N
Strategic Environmental Assessment	
Sustainability (community, economic, environmental)	
Legal and Governance	
Risk	N
Consultation	
Internal	
External	
Communication	
Communications Plan	

1. Strategic Implications

Community Plan / Single Outcome Agreement

1.1 This reports supports the following local outcomes

- Thriving, expanding economy
- Longer, healthier lives for all
- Attractive, welcoming environment

Corporate Plan

1.2 The Council's Corporate Plan 2015-2018 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) Giving every child the best start in life
- (ii) Developing Education, Responsible and Informed citizens
- (iii) Promoting Prosperous, Inclusive and Sustainable Economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

This report relates to Objective No (iv)

1.3 The report also links to the Education & Children's Services Policy Framework in respect of the following key policy area:

- Change and Improvement
- Communication and Consultation
- Inclusion and Equality
- Integrated Working
- Leadership and Management
- Learning: Developing Communities
- Learning: Realising Potential
- Maximising Resources

2. Resource Implications

Financial

2.1 The costs of moving Horsecross and LAL to a sole member basis will be contained within the existing revenue budget for Education & Children's Services in the current financial year.

Workforce

2.2 No workforce implications have been identified as a result of this report.

Asset Management (land, property, IT)

2.3 No land, property or IT issues have been identified as a result of this report.

3. Assessments

3.1 Equality Impact Assessment

An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics.

This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.

The actions recommended in this report were considered under the Corporate Equalities Impact Assessment process (Eq1A) and were assessed as not relevant.

3.2 Strategic Environmental Assessment

Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

However, no action is required as the Act does not apply to the matters presented in this report.

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

No sustainability issues have been identified as a result of this report.

Legal and Governance

- 3.5 The legal basis for this report has been outlined in previous papers approved by Council (Report 10/357 refers)

Risk

- 3.6 Risks have been identified and are contained within the Risk profile for the project, there are no additional risks identified as a result of this report.

4. Consultation

Internal

- 4.1 The Executive Officer Team, the Head of Legal Services, the Head of Democratic Services, the Head of Finance, have been consulted in the development of this report.

External

- 4.2 Horsecross and LAL have been consulted in the development of this report.

5. Communication

- 5.1 A Communications Plan is in place for this project..

6. BACKGROUND PAPERS

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.

- Report No 10/357, Full Council, 30 June 2012
- Report No 11/497, Full Council 28 September 2011
- Report No 12/439, Full council 3 October 2012

