

REPORT TO: Audit and Governance Committee

MEETING DATE: 28 November 2017

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Council Governance Arrangements with enjoyleisure ALEO

1 PURPOSE

- 1.1 To update members on Council's governance arrangements with its ALEO enjoyleisure and highlight areas of work that enjoyleisure is contributing to wider Council objectives.

2 RECOMMENDATIONS

- 2.1 Members are asked to note, consider and discuss the contents of the report.

3 BACKGROUND

- 3.1 In 2011 The Accounts Commission published "Arms – Length Organisations: Are you getting it right?" This report was linked to the requirement of "Following the public pound" the code that was produced by the Audit Commission along with COSLA in 1996.
- 3.2 Within that Audit Scotland report was a toolkit to assist Council's and ALEOs who were either being formed or building improvements to their existing governance arrangements.
- 3.3 There has been over the last decade and longer, a significant increase in the use of ALEO's across Scotland. ALEO's are now playing an integral part to local government delivery.
- 3.4 The Council in 2009 upon the creation of enjoyleisure as an ALEO was clear in its purpose and captured this in respective documents in particular

the Funding Agreement and Leisure Specification. These two documents set out the expectation and clarity of roles on the council and enjoyleisure at the outset.

3.5 The Council ensures that its prepared governance arrangements are applied accordingly in the following ways :

1. Company governance - The structure allows 4 councillors to be on the board and no decisions can be made without at least one councillor being present. The Council also have 2 observers who attend the board meetings. These are the Council's Head of Infrastructure and Service Manager for Sport, Countryside & Leisure.

2. Funding Agreement – This agreement details the arrangements for agreeing what services are to be provided and the mechanism for agreeing the annual committed funding by the council. It also contain mechanism for reporting, requests for further information performance management and requests for further funding or changes to the service specification.

3. There are quarterly contract meetings between senior officers of the council and enjoyleisure. The contract meetings allow for performance discussions that would typically include but not be limited to finance, operational performance, SLA's, Health and safety, facility maintenance and capital spend.

4. Annual reporting of enjoyleisure finance and operational performance to the Council's Audit & Governance Committee.

3.6 It is important to note that while ALEO's are responsible for services they provide, councils remain responsible for the public money they give to ALEO's and the quality of services the ALEO provides.

3.7 The quarterly meetings between senior officers of the council and enjoyleisure has enabled both parties to present and monitor the ALEO's performance .Quarterly finance reports , Health and safety reports and the development of key performance measures and reporting has provided a greater focus on agreed areas. These have included but not been limited to:

- Number of visits per annum
- Number of dry visits per annum
- Number of wet visits per annum
- Health and Fitness membership numbers
- Number of fitness classes offered
- Number of low intensity classes offered
- % of Council subsidy against income and expenditure
- Golf club visits and rounds played
- Swimming lessons – number of participants

- 3.8 It is important to note that whilst we have formal governance arrangements as described above it is important to highlight wider benefits of the ALEO's work in East Lothian. enjoyleisure continues to play its part in supporting the council in achieving its stated objectives within the Council Plan and East Lothian Plan. Enjoy is represented and active on a number of strategic and operational groups that are in place to enhance the quality of services for the people of East Lothian.
- 3.9 Enjoy are supporting the council in a number of areas, particularly in increasing physical activity within the county. Supporting our communities grow and become more resilient, providing inclusive opportunities for a range of hard to reach groups. Supporting the council in the delivery of its Physical Education, Physical Activity and School Sport agenda (PEPASS)
- 3.9 There is and has been a concern that ALEO's in Scotland have become or are at threat of becoming purely financial vehicles and focussed purely on commercial gain. The strong evidence in East Lothian would push back against that particular concern. There is without doubt alignment with council policies and objectives as set out in initial documentation in enjoy delivering and supporting the delivery of council objectives.
- 3.10 In addition to Enjoy supporting the council in its wider objectives, Value For Money (VFM) is an important focus for ALEO's. The evidence has been that the council has been able to reduce the level of subsidy to Enjoy year on year ranging from mid 50% subsidy at formation to low 30% subsidy right now. This has been achieved at the same time as record levels of users have been recorded by Enjoy. Simply more for less.
- 3.11 Audit Scotland wrote to all Council Chief Executives in July this year 2017. Advising that they are carrying out a performance audit of Scottish councils' use of ALEOs. The aim is to support councils by identifying good practice and also lessons learned, and give assurance to the public over this means of service delivery. The audit is planned to be reported in spring next year 2018 and we look forward to the contents of the report and any continuous improvements identified within it.

4 POLICY IMPLICATIONS

- 4.1 This report is aligned with good governance practice as identified in Audit Scotland report – ALEOs are you getting it right?

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 An equalities impact assessment is not required for this report.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – None

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

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