

EAST RENFREWSHIRE COUNCIL

17 DECEMBER 2014

Report by the Director of Education

EAST RENFREWSHIRE CULTURE AND LEISURE TRUST

PURPOSE

1. To bring forward a draft business plan and recommend that arrangements now be put in place to establish a Culture and Leisure Trust (CLT) from July 2015.

RECOMMENDATIONS

2. Council is asked to:

- a) Agree that arrangements now be put in place to establish an East Renfrewshire Culture and Leisure Trust.
- b) Agree that the Trust be established as a Company Limited by Guarantee.
- c) Endorse the draft Business Plan and note that this will be developed further by the Trust Board and brought back to Council for consideration prior to the Trust implementation.
- d) Approve the draft Articles of Association that will inform and govern the workings of the Trust and note that these will be developed in consultation with the Trust Board and brought back to Council for approval in June 2015.
- e) Agree to the recruitment of a Trust Board with nine members; four of whom would be elected members nominated by East Renfrewshire Council, with a further four independent members externally recruited and a final representative of relevant Trade Unions.
- f) Instruct the Director of Education and the Director of Corporate and Community Services to commence negotiations with Trade Unions with regard to the transfer of affected staff to the Trust under TUPE regulations.
- g) Note that a detailed legal Transfer of Services Agreement will now be developed between Council and the Trust and instruct the Director of Education to bring this back to Council for approval in June 2015.
- h) Agree to use its discretion in favour of the Trust by granting it exemption from the discretionary element of NNDR relief.

BACKGROUND

3. "Leisure Trust" is the commonly used term for an arms length non-profit distributing organisation which undertakes to provide services on behalf of a Council. The majority of councils in Scotland have Leisure and/or Cultural Trusts in operation and whilst initially the activities undertaken by Trusts were directed to sports services, increasingly the range of services operated by Trusts has grown. The nature of a Trust allows it to benefit from exemption from Non Domestic Rates and from elements of VAT and thus reduce the cost of service delivery. The Council therefore has the opportunity to ensure continued provision of these services but at a lower cost.

4. In October 2013 Council approved a report by the then Director of Finance recommending that work be carried out to test the feasibility of transferring some services to a culture and leisure trust and also approved that external support was appointed to assist with this. Elected members will be aware that Ernst & Young was appointed to provide such support.

5. In June 2014 Council considered the findings of Stage 1 of the project and noted the estimated savings of between £400,000 and £470,000 which could be made through establishing a culture and leisure trust.

6. The Director of Education was asked to move the proposal to Stage 2 to include:

- Development of a communications strategy;
- Drafting a business plan;
- VAT and Corporation Tax planning;
- Engagement with HMRC;
- Engagement with staff and Trade Union Representatives;
- VAT registration;
- OSCR application;
- Recruitment of Shadow Board Members;
- Engagement with community / key stakeholders; and,
- Impact assessments on quality of service delivery.

7. Members will be well aware of the level of savings, i.e. approximately £20m, which the Council is facing over the next three financial years 2015 – 2018. The services which may transfer to a CLT have been asked to identify £1.3m to contribute to the Council's projected shortfall and moving those services to a Trust would generate a significant portion of that amount.

8. The formation of a charitable trust also offers the opportunity to establish an organisation which can be flexible, have autonomy and would be solely focussed on delivering improved leisure and cultural services for the residents of East Renfrewshire.

REPORT

Company Limited by Guarantee

9. The transfer of services to a charitable trust requires the incorporation of a new company and a submission to the Office of the Scottish Charity Regulator (OSCR) for charitable status. To meet these requirements the organisation needs to have charitable objectives and provide benefits to the public.

10. If established the Trust would be run separate from the Council as a charitable company with a governance board guided by its articles of association.

11. Following expert external advice, it is recommended that East Renfrewshire Culture and Leisure Trust is established as a 'Company Limited by Guarantee' with a separate trading subsidiary to undertake all non-primary purposes (e.g. commercial income generation like cafes). This is the most commonly used structure when creating a new charity and would incorporate the Trust under the Companies Act 2006. It would give its members limited liability rights and gives the Board members duties and responsibilities under the Companies Acts plus additional duties associated with charitable status.

12. After incorporation, an application to OSCR would be made to obtain charitable status and the Trust would then enter into a number of agreements with the Council, set out in the Transfer of Services Agreement, which will be progressed and brought back to Council for approval in June 2015, prior to implementation.

13. If Council agrees to establish a Culture and Leisure Trust, detailed individual TUPE (Transfer of Undertakings (Protection of Employment) negotiations with affected staff and Trade Unions will commence immediately.

Business Plan

14. The draft business plan is included as Appendix 1 to this paper, which sets out the case for the establishment of a CLT including:

- An overview of Leisure and Culture services in East Renfrewshire;
- A summary of the core principles that underpin the proposed transfer of services;
- The strategic objectives of the Trust;
- The proposed management, employees and governance of the Trust;
- The financial plan; and,
- The next steps to incorporating the Trust.

15. Members are asked to note that a more detailed operational and financial plan will be refined and revised prior to the transfer of services, in conjunction with the Trust Board and General Manager then brought back to Council for approval in June 2015.

16. In summary it is proposed to transfer the following services:

- Sports and Leisure Venues
- Sports Development Services
- Active Schools
- Libraries
- Arts Development & Eastwood Theatre
- Community Halls

17. It is projected that the establishment of a CLT will generate net savings between £400,000 and £500,000 per annum from non-domestic rates and VAT exemption. VAT savings will be subject to discussion and approval by HMRC. Such discussions cannot take place until Council approves the formation of the Trust. NDR gains will be dependent on final approval from the Regional Assessor.

18. If approved, 'East Renfrewshire Culture and Leisure' would be established in July 2015 with a Trust Board assuming responsibility for managing the services transferred from that time.

19. The Council would pay an annual management fee to the Trust. This will be reviewed annually based on the net costs associated with delivering the services, the income generated by the delivery of services, the overall savings to be made by the services transferring to the Trust and any efficiencies which the Trust can accrue through improved delivery.

20. It is proposed that the Council would retain ownership of the buildings transferring to the Trust and in doing so will retain responsibility for repairs and maintenance and any capital works. For the avoidance of doubt, the Trust will not be able to decide to permanently close a facility for any reason. Such a decision, should one be required, would be retained by the Council.

21. It is also proposed that the Council will continue to provide core back office support to the Trust on its establishment. This will mean that support functions such as HR, Accountancy, IT, Legal and Property will be provided through a service level agreement. The continuation of this arrangement will be a matter of discussion between the Council and the Trust going forward.

Articles of Association, Composition of the Board of the Trust and Governance

22. Included in Appendix 2 are the draft Articles of Association, which will govern the formation and workings of the Board of the Trust. Members should note that on the establishment of the Trust Board, it will review and refine the Articles of Association and bring such back to Council for approval in June 2015, prior to final transfer of service.

23. If approved, a Trust Board would be established comprising of nine individuals. To comply with OSCR guidance the majority of the charity's trustees will be independent. It is proposed, therefore, that the Trust Board will comprise of :

- Four elected members, to be nominated and approved by Council;
- Four independent members, to be recruited externally; and,
- One Trade Union member

24. The four independent trustees would be recruited to ensure the members of the Board have a mix of skills, experience, expertise and knowledge which will guide the Trust's work to ensure it succeeds.

25. The Trust Board would be supported by two observers who would be officers of the Council and would fulfil a scrutiny role, ensuring the Trust delivered on its agreements with the Council. The Council's determination of these nominees will be brought back to elected members in June 2015 along with the Articles of Association.

26. A new General Manager would be appointed by and accountable to the Trust Board, tasked with guiding it through its early years, meeting the Council's savings targets and delivering the improvements to service delivery. The recruitment of the General Manager will be initiated in January 2015 by Council officers on behalf of the Trust Board.

27. The Trust would also report on its performance, including its financial performance, to Council and/or Cabinet, and as a key community planning partner to the 6-monthly Performance and Accountability Review (PAR) on its contribution to the delivery of the Council's Single Outcome Agreement.

28. Key performance indicators are set out in the draft business plan. The Trust will gather these on behalf of the Council to allow it to benchmark its performance in these service areas with other councils across Scotland.

Next Steps

29. The Steering Group, supported by Ernst and Young and Brodies, will develop a detailed Transfer of Services Agreement. This will include service level agreements on back office support functions to be supplied by the Council, as well as the management agreements on services to be delivered by the Trust. These will be brought to Council for approval in June 2015.

FINANCE & EFFICIENCY

30. A primary aim of transferring culture and leisure services to a charitable Trust is to deliver immediate savings in NNDR and VAT. Based on 2013/14 actual figures and as indicated above in paragraph 17, the projected net savings for the Council by transferring to a Trust are between £400,000 and £500,000 per annum. VAT savings will be subject to discussion and approval with HMRC and these discussions would take place on approval of the Trust by the Council.

31. Given that the establishment of the Trust coincides with a significant 3 year budget savings programme, additional savings targets of £900,000 need to be passed to the Trust. The savings and NNDR/VAT benefits are in addition to this and, if not delivered through implementation of a Trust, would have to be found from the culture and leisure services themselves.

32. In addition the Council will budget for adjustments for inflation, pay awards and other factors that will require the management fee between the Council and the Trust to be reviewed annually.

33. There are a number of one-off transition costs which have been proposed to be met through NNDR and VAT savings in 2015/16, totalling £150,000. In addition the costs of external support have been met through the Modernisation Fund.

34. There is also a range of recurring costs associated with the General Manager position, insurances, audit and legal fees, marketing etc. These have been budgeted for within the business plan and the NNDR/VAT savings quoted above are net of these costs.

35. As a charity the Trust is able to get 80% relief from rates. To maximise the savings from NNDR, the Council can use its discretionary powers to save a further 75% of the remaining 20%. It is proposed, therefore, that the Council exercises its discretion in favour of the Trust by enabling the discretionary element of NNDR relief.

36. The detailed operational plan to be developed following the establishment of the Trust by its Board and the General Manager, will consider the potential of a gain share mechanism to incentivise the Trust to exceed its targets. This would provide a mechanism through which the results of income generation or increased efficiency could be shared equitably between the CLT and the Council.

CONSULTATION

37. Members will be aware of the budget community engagement event which took place on 19 November 2014 at which there was a workshop dedicated to the proposal to establish a Trust. This was well attended and there was a good discussion on the Trust proposals with several points of clarification being sought.

38. In addition to this, letters were sent to all key stake holders (e.g. hall user groups) earlier in October to invite them to have their say.

39. On the employee side, Trades Union representatives have been playing an active role on the Steering Group overseeing the Trust developments. In addition, an Employee Forum has been established and answers have now been provided to three sets of detailed Frequently Asked Questions (FAQs) received from staff. Staff representatives will also be visiting a range of other Trusts to speak to colleagues elsewhere over the month of December.

40. A dedicated page on the Council's intranet has served to communicate with all staff, including those directly affected by the proposal. This has been used to post responses to the sets of FAQs mentioned above, many of which have come directly from staff.

41. The information and feedback from each of these areas, plus the advice from external experts, is being used to develop the Trust proposals in an informed and responsive manner.

PARTNERSHIP WORKING

42. As indicated in paragraphs 27 and 28 above, the Trust will continue to be accountable for the delivery of the East Renfrewshire Community Planning Partnership's (CPP) Single Outcome Agreement commitments and for best value in the delivery of services.

43. The Trust will also contribute to strategic initiatives such as the Early Years Collaborative, Sports, Arts and Libraries strategies.

44. The Trust will continue to have effective partnerships with a range of external bodies including **sportscotland** and Sporta.

IMPLICATIONS OF THE PROPOSALS

Staffing

45. All staff wholly or mainly assigned to the roles transferring to the Trust will move to the Trust. Staff will transfer with their existing terms and conditions of employment under TUPE. The list of casual staff not covered by TUPE transfer will be passed to the Trust to enable a continuity of service upon commencement of the Trust. This Trust will apply to be admitted to Strathclyde Pension Fund. All local authorities who have set up a Trust have been successfully admitted previously.

Property

46. As indicated above, the Council will continue to own and be responsible for the maintenance of all properties included in the Trust. It is the management and operation of these facilities which transfer to the Trust. For avoidance of doubt, the Trust cannot decide to close a facility for any reason, that decision, should it be required, rests with the Council.

ICT & Support Services

47. The Council will continue to provide IT, HR, and Accountancy support to the Trust through service level agreements to be developed and subsequently approved by Council in June 2015.

Legal

48. Legal advice both internally and from specialist external experts is being sought routinely as part of this process. The detail of the Transfer of Services Agreement will be subject to particular scrutiny. In addition, the Trust Board will appoint its own legal advisors to act as appropriate on its behalf during the period when the Trust is being established. Although the Trust will continue to be supported by in-house legal services, there may also be occasions after the Trust is set up when, to avoid a conflict of interest, the Board will require independent legal advice.

Equalities

49. An Equality Impact Assessment has been carried out and is available on request.

CONCLUSIONS

50. Based on the detail of the attached Business Plan and Articles of Association, this paper recommends the establishment of a Culture and Leisure Trust for East Renfrewshire. This would be in the form of a charitable organisation set up with a trading arm to cover commercial activity. This is not privatisation, it would be the creation of an arm's length, non-profit making organisation which undertakes to manage and deliver services on behalf of the Council.

51. The Council would retain ownership of the buildings but management of the services and staff would transfer to the Trust. It would be governed by its own Board, appointed by the Council and required to work within the Companies Act and to OSCR regulations.

52. The Trust will deliver savings in NNDR and VAT on top of a range of other savings as part of the budget process. It will continue to be required to meet SOA objectives and its performance will be monitored and open to scrutiny by the Council.

53. Moving leisure and culture services to a separate body with its own Board and General Manager will also offer the opportunity to revise and refresh the approach to delivering such services, with a renewed focus on customers, efficiency and improving income.

54. Should the Council decide to move forward on this proposal, it is estimated that the Trust would be operational in summer 2015.

RECOMMENDATIONS

55. Council is asked to:

- a) Agree that arrangements now be put in place to establish an East Renfrewshire Culture and Leisure Trust.
- b) Agree that the Trust be established as a Company Limited by Guarantee.
- c) Endorse the draft Business Plan and note that this will be developed further by the Trust Board and brought back to Council for consideration prior to the Trust implementation.

- d) Approve the draft Articles of Association that will inform and govern the workings of the Trust and note that these will be developed in consultation with the Trust Board and brought back to Council for approval in June 2015.
- e) Agree to the recruitment of a Trust Board with nine members; four of whom would be elected members nominated by East Renfrewshire Council, with a further four independent members externally recruited and a final representative of relevant Trade Unions.
- f) Instruct the Director of Education and the Director of Corporate and Community Services to commence negotiations with Trade Unions with regard to the transfer of affected staff to the Trust under TUPE regulations.
- g) Note that a detailed legal Transfer of Services Agreement will now be developed between Council and the Trust and instruct the Director of Education to bring this back to Council for approval in June 2015.
- h) Agree to use its discretion in favour of the Trust by granting it exemption from the discretionary element of NNDR relief.

Mhairi Shaw
Director of Education
December 2014

Report Author

Mhairi Shaw, Director of Education
Tel: 0141 577 8635
Mhairi.Shaw@eastrenfrewshire.gov.uk

Louise Pringle, Head of Customer & Business Change Services
Tel: 0141 577 3136
Louise.Pringle@eastrenfrewshire.gov.uk

Ken McKinlay, Head of Education Services
Tel: 0141 577 3103
Ken.McKinlay@eastrenfrewshire.gov.uk

Key Words

A report seeking approval to establish a Culture & Leisure Trust for East Renfrewshire.

Background Papers

1. Feasibility Study on Transfer of Services to a Trust, Council 24 October 2013
2. Leisure Trust Feasibility, Council 25 June 2014

East Renfrewshire Council Culture and Leisure Trust

Business Plan

December2014

Executive summary

Background

In June 2014 East Renfrewshire Council (“ERC” or “the Council”) approved the feasibility report that recommended proceeding to a second stage in relation to the transfer of both culture and leisure services to a charitable trust. The study showed two key potential benefits:

- Substantial projected savings from a reduction in non-domestic rates charges and VAT permitted by the Trust’s charitable status.
- The opportunity to enable a new, fresh, efficient and commercially focussed approach to delivering culture and leisure services across East Renfrewshire with a view to driving further financial and non-financial benefits

The Council agreed to the development of a business plan for the transfer of the identified group of services to a culture and leisure trust by the summer of 2015.

Delivering savings

A primary aim of transferring culture and leisure services to a charitable Trust is to deliver immediate savings in non-domestic rates and VAT. Around two in three Scottish local authorities have now transferred some form of culture and leisure service to a Trust for this reason. Based on 2013/14 actual figures, the projected net savings for the Council by transferring to a Trust are between £400,000 and £500,000 per annum. VAT savings will be subject to discussion and approval with HMRC and these discussions would take place on approval of formation of the Trust by the Council.

The projected savings from rates and VAT would form a crucial contribution to the wider savings programme currently being undertaken by the Council. East Renfrewshire Council is required to make £20m in savings over the next 3 years as a result of budgetary pressures. The Council has set out £1.3m of savings that are required from culture and leisure services over the next 3 years. This figure already includes around £0.4m to be delivered by the Trust from rates and VAT savings. In the event services are not transferred to the Trust, this £0.4m would be required to be saved by other means potentially posing a direct risk to jobs across culture and leisure services.

The delivery of savings via charitable trust status is a key reason for proceeding with the transfer of services however it is not the only basis. The establishment of a new charitable organisation provides an opportunity for flexibility and autonomy to create a body solely focussed on delivering improved leisure and culture services. This has been a key outcome for other local authorities in Scotland that have reaped the rewards of transferring services to a separate Trust. The opportunity is set out further below:

Services Transferring to Trust

The Council is proposing to transfer the following services to Trust:

- Sports and Leisure Venues
- Sports Development Services
- Active Schools
- Libraries
- Arts Development & Eastwood Theatre
- Community Halls

The services represent a broad spectrum of facilities, services and programmes related to the provision of culture and leisure services across East Renfrewshire.

- The four main sports and leisure venues serve over 0.5 million visitors every year including swimming lessons and Active Gym memberships.

- Sports development and Active Schools.
- The 18 community halls and out of hours school services accommodate almost 1 million visitors per year.
- Libraries provide an extensive range of services across 10 locations with a strong focus on community engagement with around 400,000 visits each year
- East Renfrewshire has a strong and vibrant arts and culture presence with Eastwood Park Theatre a key hub for performances and learning.

The ownership of the assets transferring will remain with the Council as will responsibility for continued capital investment in them. This is a key principle of the transfer agreement.

Leisure and culture are recognised as cornerstones of the Council's commitment to the people of East Renfrewshire. The provision of these services requires a significant subsidy from the Council on an annual basis. The cost of services has been in the region of £9.5m to £10.5m over recent years with income fluctuating between £3.1m to £3.7m. This has led to subsidies from Council of between £6.2m to £7.2m. This is reflected in the table below:

	£m	£m	£m	£m	£m
Year	2009/10	2010/11	2011/12	2012/13	2013/14
Total Cost Actual	10.38	10.55	9.88	9.72	9.64
Total Income Actual	3.10	3.72	3.44	3.35	3.38
Total Deficit Actual	7.28	6.83	6.44	6.37	6.26

The Council has assessed the strengths and weaknesses of its current service provision with a view to identifying scope for improving the quality and efficiency of services and improving financial performance. In summary, the Council identified key strengths in customer satisfaction and staff skills and knowledge. Areas of weakness include the variable quality of buildings and assets and the ability of services to compete in the market in terms of marketing, promotional material and pricing competitively, particularly in the gym and leisure industry.

This analysis has also prompted an analysis of opportunities to refresh the way in which services are delivered. Key themes across all services are set out below:

- More effective and professional promotion and marketing of services
- Opportunities to improve service by strengthened partnership working
- Development of leadership and empowerment of existing staff
- Joint programming and shared events management leading to opportunities for larger scale events to raise profile

Transferring services to a Trust will offer flexibility and autonomy in delivering some of the changes identified. The full operating plan for the Trust will be developed by the appointed Board and a new Senior General Manager of the Trust who will be tasked with delivering the change in direction required to achieve the Trust's objectives. As part of developing the detailed operating plan, the Trust management and Board will set a clear vision and objectives. At this stage, a draft vision and objectives have been established.

The success of the Trust will be measured against the finalised objectives through a series of Key Performance Indicators. These KPIs will be refined and approved as part of the development of the detailed operating plan.

Management, Staff and Governance

All staff wholly or mainly assigned to the roles transferring to the Trust will move to the Trust. Staff will transfer with their existing terms and conditions of employment under TUPE. The list of casual staff not covered by TUPE transfer will be passed to the Trust to give the opportunity for a continuity of service upon commencement of the Trust. The Trust will also apply to be admitted to Strathclyde Pension Fund. All other local authorities who have set up a Trust have been successfully admitted previously.

A new Senior General Manager will be appointed by the Trust and tasked with guiding the Trust through its early years, meeting the Council's savings targets and delivering the changes required to improve services. The recruitment process will commence in January 2015. The cost of the new Senior General Manager post forms part of additional recurring costs of around £290,000 per annum associated with establishing and operating the Trust. Other costs include insurances and regulatory costs. Rates and VAT savings figures have been presented net of these recurring costs.

The proposed board structure for the Trust is a board of nine individuals comprising four selected from the Council, four independent board members and one Trade Union member to represent staff. The Board will be supplemented by two ERC Council Officers acting as board observers. The recruitment process will parallel track with the appointment of the General Manager and will commence in January 2015.

It is proposed that the Council will continue to provide core back office support to the Trust on its establishment. These services will include Accountancy, HR, Legal Services and a range of other functions. These services will be provided via a service level agreement that will form part of the suite of legal documents supporting the formal Transfer and Services Agreement between the Council and the Trust. The continuation of back office support services from the Council to the Trust in the long term will be a matter for discussion between both parties going forward.

Summary

Local authorities across Scotland recognise that the transfer of culture and leisure services to a charitable trust presents an opportunity to make immediate savings on non-domestic rates and VAT. At a time of unprecedented financial pressures for East Renfrewshire Council, the requirement to make £20m in savings over the next 3 years means all avenues for savings must be explored. The Council requires culture and leisure services to make £1.3m in savings over this period, £0.4m of which is targeted from NDR and VAT savings. By not moving to a Trust, this £0.4m would be required to be met by other means, potentially posing a direct risk to jobs across these services.

In addition to immediate savings linked to charitable status, moving leisure and culture services to a separate body presents an opportunity to revise the approach to delivering services and in particular to renew focus on customers, efficiency savings and growing revenues. The proposed appointment of a separate board and new Senior General Manager would be key next steps in creating a change in the way services are provided.

This business plan sets out the key principles underpinning the transfer of services to a Trust and identifies the key role it could play in assisting the Council to meet its savings targets over the next three years.

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1. Introduction

This section introduces a brief history to the proposed establishment of the East Renfrewshire Culture and Leisure Trust (“the CLT” or “the Trust”)

1.1 Background

In October 2013, East Renfrewshire Council (“ERC” or “the Council”) agreed to progress a feasibility study to consider the potential for transferring services to a Trust. The Council had previously considered the potential benefits and issues associated with the transfer of services to a Leisure Trust, most recently in 2007. Following consideration of options for a Leisure Trust at that time, the Council decided that there was not a strong enough case for the creation of a Trust.

However, since 2007, the Council’s financial context has grown significantly more challenging leading it to look again at options for alternative methods of delivery with the aim of making savings for the next three years and beyond.

In 2014, the Council appointed EY as financial advisors and Brodies as legal advisors to advise on the development of a feasibility study to set out the potential benefits that could be driven through transferring culture and leisure services to a trust.

The feasibility report was presented to Council in June 2014 and recommended the transfer of both culture and leisure services to a charitable trust. The study showed that there would be substantial financial benefits attached to transfer to a culture and leisure trust through projected savings from a reduction in non-domestic rates (NDR) charges and VAT savings permitted by the Trust’s charitable status.

In addition to NDR and VAT savings, the feasibility report highlighted that the establishment of a trust could enable a new and fresh approach to delivering culture and leisure services across East Renfrewshire. A more efficient, more commercial and more customer focussed approach could deliver further benefits.

The feasibility study was approved by Council in June 2014 and , based on the significant projected savings, the Council agreed the development of a business plan for the transfer of the identified group of services to a culture and leisure Trust by the summer of 2015.

The Trust will see the Council follow in the footsteps of around two thirds of Scotland’s local authorities who have already transferred services related to culture and leisure into charitable trusts.

1.2 Charitable Trust status

The transfer of services to a charitable trust requires the incorporation of a new company and a submission to OSCR (Office of the Scottish Charity Regulator) for charitable status. A number of considerations must be taken into account relating to the application:

- ▶ In order for the Trust to meet the ‘charity test’, it should ensure that it has charitable objectives and goals in addition to providing benefits to the public.
- ▶ There are additional financial and administration considerations for the Council. A separate set of Trust charitable accounts must be produced that complies with the charities Statement of Recommended Practice for accounting (SORP).
- ▶ The process to register can take some months to complete

This Business Plan pre-empted the application to OSCR and sets out the proposed route to transferring services from the Council to the Trust. A summary of the key elements is set out below:

1.3 Business Plan

This business plan presents the following:

- An overview of Leisure and Culture services in East Renfrewshire
- A summary of the core principles that underpin the proposed transfer of services to the Trust
- The strategic objectives of the Trust
- The financial plan
- The proposed management, employees and governance of the Trust
- The next steps to incorporating the Trust

2. Leisure and Culture in East Renfrewshire

Before setting out the vision and objectives of the Trust it is important to consider the specific needs and requirements of East Renfrewshire as a local authority area. This sub section describes some of the individual factors that differentiate East Renfrewshire from neighbouring local authorities.

2.1 Demographics in East Renfrewshire

East Renfrewshire is situated to the south of the city of Glasgow. It covers an area of 17,400 hectares; 85% of which is rural land. The town of Barrhead lies to the west of the authority with Newton Mearns, Clarkston, Giffnock, Thornliebank and Busby located in the east. There are also three villages: Neilston, Uplawmoor and Eaglesham, and two smaller settlements: Waterfoot and Shillford. The area is divided into ten community council areas.

In 2011 the population of East Renfrewshire was 90,574, an increase of 1.4% since 2001. The East Renfrewshire population is estimated to grow by a further 5.4 per cent by 2025. The older population is expected to increase with the proportion of those over 65 predicted to account for 28.7% of the population of East Renfrewshire by 2035, and equate to 25,600 people.

Working age people living in East Renfrewshire is expected to fall from 64 per cent to 59 per cent. The proportion of young people under 15 is expected to fall slightly by 0.3 per cent over the next decade.

Of the 37,225 households in East Renfrewshire, married or same-sex couple families (either with or without children) were the most common household type at 34 per cent. This was followed by households with one person aged under 65 living alone or with one person aged 65 or over living alone. Lone parent families accounted for 10 per cent of all households. East Renfrewshire Council is higher than the Scottish average in households with married / civil partners with dependent children (21.1 per cent).

East Renfrewshire is one of the most ethnically and culturally diverse areas in Scotland, with significant Jewish and Muslim communities. The number of residents from an ethnic minority background in East Renfrewshire increased from 3,436 in 2001 to 5,363 in 2011, an increase of 56%. In 2011, ethnic minority residents accounted for 5.9% of East Renfrewshire's population compared to 4% in Scotland. The most prominent among minority ethnic groups in East Renfrewshire are Pakistani Scottish / British and Indian Scottish/British.

16.7% of East Renfrewshire's population self-report to have a long term health condition which has an impact upon their routine daily activities; this is slightly below levels experienced in Scotland – 19.6%. Barrhead is notable among East Renfrewshire's communities in that it experiences a higher level of limiting and long-term health conditions - 21.8%- than Scotland.

Single Outcome Agreement

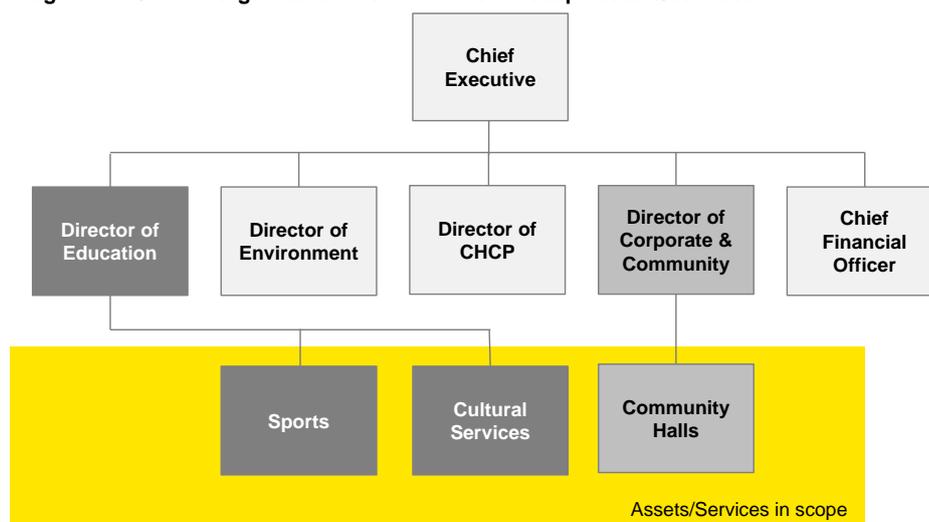
The Single Outcome Agreement (SOA) is East Renfrewshire Community Planning Partnership's (CPP) commitment to working together to deliver a range of outcomes for the local people. Its key focus is to improve the lives of the people of East Renfrewshire and promote equality and fairness. There are 5 key SOA outcomes. For the purposes of the Trust, 4 of these outcomes and objectives are particularly relevant:

SOA	Objective
SOA 1 – All children in East Renfrewshire experience a stable and secure start to their lives and are supported to succeed.	1.2 – Our young children are healthy, active and included.
SOA 2 - East Renfrewshire residents are fit and active and have the skills for learning, life and work.	2.1 - Children are confident, effective learners and achieve their full potential 2.2. - Children and young people raise their educational attainment and achievement, developing skills they need during their school years and into adulthood. 2.3 - Residents have the skills for employment through increased take up of education and training opportunities. 2.4 - Residents are active and optimise their health and wellbeing
SOA 3 – East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses to grow.	3.3 – Residents live in communities that are strong, self-sufficient, resilient and supportive.
SOA 5 – Older people in East Renfrewshire are valued; their voices are heard and they are supported to enjoy full and positive lives for longer.	5.1 – Older people are able to live as safely and independently as possible in the community and have control over their care and support. 5.2 – Older people feel included and empowered to make a valuable contribution to their local communities.

2.2 Current Delivery Structure

Within the Council's organisational structure, both Sport and Culture sit within the Education Directorate under the same Head of Service who also has responsibility for Continuing Education. The Community Halls and out of hours bookings for schools are the responsibility of a Head of Service in the Corporate & Community Services Department. This is shown in the following diagram:

Diagram 1: Current organisational structure for in-scope assets/services



Source: ERC, EY presentation

2.3 Trust services

There are certain commonalities across many of the services transferring to the Trust. To prevent repetition, common aspects are considered at this point. All or many of these services:

- work across the broad spectrum of residents, working hard to be inclusive and remove barriers to participation which may stem from age, gender, cultural background, disability and also poverty;
- work in partnership to deliver outcomes, across all sectors, including partnerships with the CHCP and NHS;
- have operational responsibilities for health and safety; fire evacuation; operational risk management; ensuring facilities are maintained to be fit for purpose and welcoming and safe for customers;
- have key roles to play in the Council's Civil Contingencies arrangements, particularly in relation to 'rest centre' provision; and,
- provide facilities for elections within East Renfrewshire, both as polling stations and for the election counts.

The services are split into six core areas as follows:

- Sports and Leisure Venues
- Sports Development
- Active Schools
- Libraries
- Arts Development & Eastwood Theatre
- Community Facilities

Each area is defined below including a description of key activities.

2.3.1 Sports and Leisure Venues

Description:

East Renfrewshire has four main sports and leisure venues that offer a strong variety and breadth of facilities and services.

Barrhead Sports Centre is located on Barrhead Main Street and includes a 25 metre swimming pool, teaching pool, games hall, squash courts, dance studio and a comprehensive gym. It is currently undergoing a £3.8m 1,200 sqm extension that will create the Barrhead Foundry offering upgraded sports facilities, a new Barrhead Library, an improved café, an IT suite, meeting/conference spaces and an employability and business zone. This work will be completed in early 2015. The current sports centre site when fully operational attracts approximately 250,000 visits per annum. This will be expected to rise significantly following the opening of the Barrhead Foundry.

Neilston Leisure Centre is located in Neilston Main Street and has a 25 metre swimming pool and a very small fitness suite. This site currently is on track to achieve around 30,000 visits per annum. There is potential to build this significantly through programming redesign.

Eastwood Park Leisure is part of the same building that includes Eastwood Park Theatre and the Carmichael Hall. Its facilities include a 25 metre swimming pool, a teaching pool, gym and a health suite. The site achieves approximately 220,000 visits per annum. There has been an identified need for capital investment at the site and this is currently the subject of a bid to the Council's capital programme. In addition to the capital improvements, programming re-design offers the opportunity for further service improvements over both the short and the longer term.

Eastwood High Sports Centre is situated in Newton Mearns and shares a campus with Eastwood High School. It contains a 20 metre swimming pool, two games halls, a dance studio, two synthetic pitches and a running track. This venue currently attracts approximately 40,000 visits per annum. Revised programming also has the potential to grow improvements in the longer term.

There are currently 2,400 Action Zone members.

Key Activities:

<p>Four sports and leisure centres:</p> <ul style="list-style-type: none"> ▪ Barrhead Sports Centre ▪ Neilston Leisure Centre ▪ Eastwood Park Leisure ▪ Eastwood High Sports Centre ▪ Over 0.5 million visitors per annum 	<p>Home to key facilities:</p> <ul style="list-style-type: none"> ▪ 4 swimming pools ▪ 2 teaching pools ▪ Multiple games halls ▪ 2 fitness suites ▪ Multiple dance studios ▪ Running track
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2.3.2 Sports Development

Description:

Sports Development provides an extensive range of opportunities which allow and encourage East Renfrewshire residents to participate in sport and physical activity. The activities stretch from supporting informal recreation to working with our sports clubs to enable young athletes to progress to elite level.

Fitness programmes are provided in both the sports centres and other community locations. These encompass both the high impact end of the spectrum and less intensive activities,

including those aimed at older people. The programme has expanded significantly in recent years, although, as with other areas, it has faced disruption from building closures and building works.

Swimming development takes place at all four swimming pools in East Renfrewshire have swimming lesson programmes for primarily children and young people. These range from introductory learning to swim classes through to more advanced skills development which can lead to progression to club level. The programme is led by a development officer with co-ordinators administering the programme at each site and utilising a large group of tutors/coaches.

Partnership with local sports clubs and building their capacity continues to be a key priority. The development and sustainability of Community Sport Hubs has been vital in building a framework so clubs can work together to expand opportunities. External funding flows through this service from a range of partners to support participation, club development, school-club links, coach education and club accreditation.

This year there are 2,500 participants on swimming lesson block programmes and 131,000 sports development coaching participants.

<p>Fitness programmes:</p> <p>Swimming lessons</p>	<ul style="list-style-type: none"> ▪ Developing physical literacy in very young children through to sports participation for older people ▪ Providing participation opportunities for minority communities ▪ Working in partnership with local sports clubs to support and enable their growth and development ▪ Providing coach education both for our own coaching workforce and volunteers in clubs ▪ Organising and contributing to the organisation of events e.g. Commonwealth Games roadshows ▪ Enabling volunteering opportunities in sports, allowing young people to develop their skills, confidence and potential for employment ▪ Supporting walking groups and other informal exercise activities
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2.3.3 Active Schools Programme

Description

Active Schools is a sportscotland funded (75% of costs) programme designed to encourage children and young people to get active and stay active. An Active School Coordinator is based in each school cluster to increase the number of good quality opportunities to participate in sport within schools. Sportscotland has confirmed funding for the Active Schools programme for the next 4 years from April 2015 and the partnership agreement with sportscotland is under discussion at this time. This year there are 154,000 Active Schools participant sessions.

Key activities

<ul style="list-style-type: none"> ▪ Working in and with schools to provide opportunities for pupils to participate in sports and physical activity, and to develop their skills ▪ Organising and supporting the delivery of out of school hours sports activities 	<ul style="list-style-type: none"> ▪ Providing training and development for teachers and child development officers in delivery physical activity programmes within schools, in order to ensure a sustainable approach ▪ Developing resources to support these programmes
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<ul style="list-style-type: none"> Working alongside partners to provide pathways for participation 	<ul style="list-style-type: none"> Increasing the recruitment and support of volunteers to deliver activity sessions in schools Increasing opportunities to participate in inter-school sporting competitions Undertaking sports leadership programmes and link schools to local sports clubs.
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2.3.4 Libraries

Description

East Renfrewshire has ten libraries of varying scales with one in each community within East Renfrewshire. There are four medium-sized libraries in Barrhead, Clarkston, Giffnock and Mearns, each open over 50 hours per week and smaller sites in Busby, Eaglesham, Thornliebank and Neilston with very small part-time library centres at Netherlee and Uplawmoor.

The vision for libraries is that they will act as community hubs or focal points. They are accessible and inclusive community spaces, contributing to personal and community development through both direct delivery and partnerships. They support literacy, learning and creativity.

In 2013/14 there were 429,400 library visitors and 294,100 virtual visitors.

Key activities:

<ul style="list-style-type: none"> Free information service, including 24/7 access to online newspapers, encyclopaedia, research and family history resources. Book lending services, including large print and talking books in a variety of formats and languages including Polish, children's dual language and Gaelic Free support and access to digital resources including e-books, e-audiobooks, digital magazines and newspapers Support to digital inclusion through free access to computers with high speed internet access; Office applications, assistive technologies and printing facilities; Wide range of free computer courses and mobile technology sessions to support residents to get online, access council services and community information. Several libraries have dedicated learning suites for IT, ESOL and adult and family learning sessions. Dedicated spaces in libraries for children and young people with wide range of books and digital resources. Regular storytimes and an extensive programme of Bookbug sessions which 	<ul style="list-style-type: none"> Promotion of reading, literacy and information skills to children and young Holiday programmes for children and young people in partnership with sports and art services Support of national reading activities including Book Week Scotland, World Book Night, National Libraries Day, Summer Reading Challenge and Bookbug Week. Advice and support services in partnership with community and voluntary groups, council services and external agencies e.g. Citizens' Advice Service, Age Concern, Hear to Help, WorkER etc A local history and heritage service, based in the heritage centre in Giffnock library, with access to quality online resources including East Renfrewshire's Heritage website Portal to the Past Access to community rooms in libraries which are free to use by strategic partners for outreach activity and can be hired by groups and clubs. A book delivery service for homebound residents with visits made by volunteers. A resource service is also
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encompass play, learning and social relationships which help to foster emotional and physical well-being.	provided to residential care homes and primary schools throughout East Renfrewshire.
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2.3.5 Arts Development & Eastwood Park Theatre

Description

Eastwood Park Theatre is situated in the same building as Eastwood Park Leisure and Carmichael Hall. The Theatre has a 338 seat auditorium and currently offers a professional programme alongside an extensive range of performances by local theatre groups. It also includes a meeting room and an arts workshop for classes and for hire. The upper floor houses a gallery area and a bar. The venue also offers a café on the ground floor with free Wi-Fi.

A range of visual arts classes are offered for adults, children, young people and parent and child throughout the day and evening, after school and at weekends. Most classes are fee paying with concessions available.

The arts team work with schools to offer young people opportunities to participate in visual art projects which provide stimulating art experiences. Teachers' learning is supported with a range of continuing professional development events provided by the service. A limited programme of fee paying courses in dance, drama and creativity is currently offered for early years and primary aged children with sessions held in Eastwood Park Theatre and Giffnock library. The service works with a range of partners within the council including sports, libraries, instrumental music and health improvement to create valuable art experiences for people and communities.

Key activities:

<ul style="list-style-type: none"> ▪ A 338 seat auditorium, a small meeting room, gallery and art workshop which are available for hire and for professional performances ▪ Support and development to performing arts/theatre users groups to create a thriving theatre community ▪ A range of chargeable visual art classes in Eastwood Park, and in a small number of community venues, which provide access to professional tutoring for beginners through to portfolio preparation. ▪ A range of short courses for early years and young children based in Eastwood Park and some community venues ▪ A programme of events and activities in Eastwood Park and the Foundry which have been developed through engagement with local communities and artists. 	<ul style="list-style-type: none"> ▪ A gallery exhibiting both professional and local artists and which provides young people with opportunities to showcase their work. ▪ Access to programmes and activities throughout East Renfrewshire, including an Early Years Festival, for families with young children which encourage participation and interaction. ▪ Opportunities for schools to participate in projects and activities which provide new experiences and opportunities to work with professional visual and performing artists. ▪ Partnerships with council services, community groups and voluntary organisations to enhance cultural activity in East Renfrewshire ▪ The theatre had 41,600 visitors in 2013/14.
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2.3.6 Community Facilities

Description

The Community Facilities team delivers service in 18 community halls and pavilions and processes bookings out of hours in 35 schools. In 2013/14 there were 1 million visitors to halls and out of hours at schools.

The Community Facilities team assist new customers to find suitable accommodation to meet their needs, provides advice and support to customers arranging regular activities or one off events and social gatherings. The team ensure customers receive a welcoming and safe environment to allow individuals, community groups and commercial customers to deliver a variety of activities including art, drama, dance, support groups, corporate training, a wide range of sporting activities, charity events, political, social functions and weddings.

The activities take place across a wide variety of facilities from the prestigious surroundings of Eastwood House to community Halls in the heart of local communities in Eaglesham Busby, Neilston and Barrhead to the smaller shared facilities in Muirend, Netherlee and Woodfarm. Facilities are shared with either Libraries or Sports Pitches (ERC Environment) and in some cases both.

The bookings team have extensive knowledge and ability in terms of programming the various facilities and schools out of hours to ensure a fair and consistent approach guided by the Council's letting and charging policy. This knowledge serves to minimise costs whilst maximising resources and income across the service.

The Community Facilities team has a far reaching impact ensuring that other council services are able to deliver on the SOA outcomes by using our facilities.

We work closely with Management Committees and Forums at Arthurlie House, Dunterlie Resource Centre, Mure Hall Company and Woodfarm Mgt Committees.

We deliver the Operational and Facilities Management role for all bookings and assume the project management role for any development within the Community Facilities.

Key activities:

<ul style="list-style-type: none"> ▪ Advice is provided to a range of constituted groups, commercial organisations and individuals to allow them to organise and participate in a variety of activities and events that significantly contribute to the SOA outcomes (e.g. older people's lunch groups; dancing classes and clubs). ▪ The facilities allow many other services within the Council to deliver on the core theme of 'prevention' particularly around sport, education, activities for young, older, disabled and minority ethnic members of the community. 	<ul style="list-style-type: none"> ▪ Provision of venues for social functions, including weddings, christenings and birthday parties. ▪ In addition to the 18 community halls and 35 schools available for hire, the service supports management committees at Mure Hall; Arthurlie House and Woodfarm High School Community Wing.
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2.4 Financial performance overview

The provision of culture and leisure services requires a significant subsidy from the Council. The performance over recent years is summarised below:

	£m	£m	£m	£m	£m
Year	2009/10	2010/11	2011/12	2012/13	2013/14

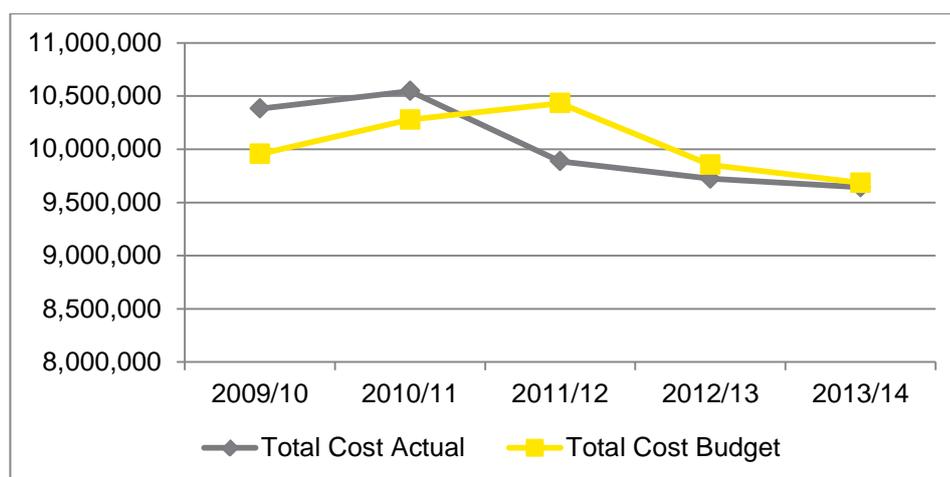
Total Cost Actual	10.38	10.55	9.88	9.72	9.64
Total Income Actual	3.10	3.72	3.44	3.35	3.38
Total Deficit Actual	7.28	6.83	6.44	6.37	6.26

The subsidy to culture and leisure services has continued to reduce over the past 5 years but remains significant with the 2013/14 subsidy at £6.26m. Revenues have stayed relatively flat, peaking at £3.72m in 2010/11 and reducing to £3.38m in 2013/14, indicating that reduction in costs has been a key focus since the economic downturn in 2007 / 2008.

The cost analysis graph below highlights that actual costs have reduced significantly from £10.4m to £9.6m over 5 years. Payroll has been the key driver of this movement with costs down from £6.2m in 2009/10 to £5.3m in 2013/14. Payroll continues to be the largest cost associated with leisure and culture services. Other major cost areas such as property costs and administration have increased marginally over the period reflecting a number of issues including strain on capital budgets to revitalise older buildings and higher costs for goods and services across the economy.

Actual costs were higher than budgeted costs during 2009/10 and 2010/11 but were within budget during 2011/12 , 2012/13 and 2013/14 reflecting real efforts by the Council to drive costs down and meet strict budget targets.

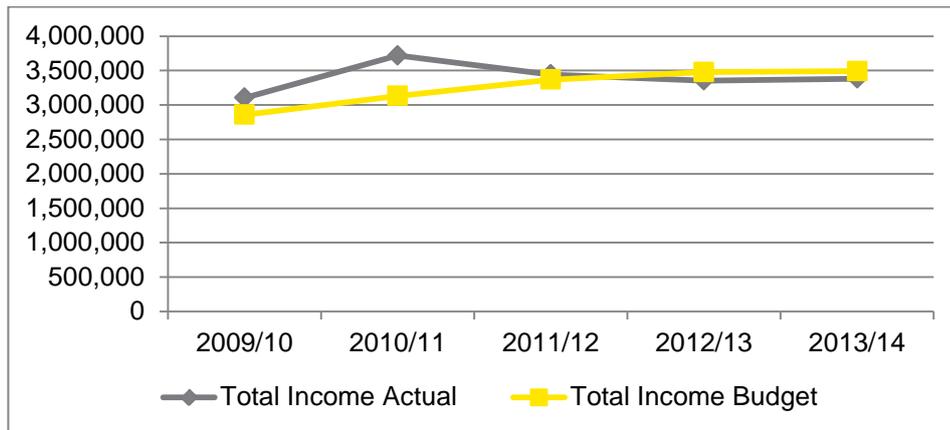
Cost analysis



The income analysis below signals a relatively flat income performance over the past 5 years either at or marginally behind budget with the exception being 2010/11 when revenues exceed budget at £3.7m.

Income performance has been flat for a number of reasons including frequent pool and leisure facility closures, limited product development and increased competition in the market.

Income analysis



Summary

The financial analysis highlights that significant savings have been achieved in the delivery of culture and leisure services, the majority being driven from payroll reductions. Income has remained relatively flat. The objective of the Trust is to continue to make operational savings and efficiencies in the delivery of services in addition to savings made possible from business rates and VAT through charitable status. Crucially, the Trust will also give a renewed sense of ownership and commercial focus to the delivery of services which will enable income to grow.

2.5 Operational performance overview

The Council has tracked the performance of culture and leisure services through a series of key performance indicators (KPIs). The KPIs are set out in Appendix C and indicate an overview of performance over the past 5 years.

The analysis indicates significant falls in attendances to pools, sports and leisure facilities and libraries with visitors to halls at a steady state. Visitors to schools have increased significantly.

Overall satisfaction levels from services remain consistently good highlighting some areas that could be improved.

2.6 Analysis of current service provision

The tables below identify the strengths and weaknesses of the current provision of Culture and Leisure services in East Renfrewshire. The variety and breadth of facilities and services provided across East Renfrewshire means that qualities and limitations can be variable. The analysis therefore presents a broad picture of the current service provision across the six core service areas.

Qualitative analysis of current service provision

Service	Sports & Leisure Centres	Sports Development Services	Libraries	Active Schools	Arts Development & Eastwood Theatre	Community Halls
Staff skills & knowledge	<ul style="list-style-type: none"> Local knowledge of customers Technical and operational knowledge, although patchy in some areas 	<ul style="list-style-type: none"> Highly skilled and experienced 	<ul style="list-style-type: none"> Good level of training and knowledge across the service. Staff training in new technologies 	<ul style="list-style-type: none"> Highly skilled and experienced 	<ul style="list-style-type: none"> Staff are knowledgeable in their own areas of expertise and receive ongoing training. Training needs analysis required to plug gaps in knowledge and opportunities for development. 	<ul style="list-style-type: none"> Fully trained and dedicated staff group
Buildings and asset condition	<ul style="list-style-type: none"> Variable Significant maintenance backlog Mature Buildings requiring investment to meet current customer expectations 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Variable across sites. Giffnock library and the Foundry will provide modern/flexible space but other libraries require internal upgrades. Heating systems in many libraries are outdated and inefficient. Libraries have constant maintenance issues. 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> As a venue Eastwood Park complex has significant maintenance issues and requires modernisation. The Theatre auditorium is in generally good condition but some update of the internal fabric will be required in the near future, as it is 8 years since the re-development. 	<ul style="list-style-type: none"> Variable Maintenance Backlog – from a PaTs perspective with minimal service input
Customer satisfaction	<ul style="list-style-type: none"> Variable given conditions and recent disruptions. Loyal local customers who value the products they receive more than the venue in which 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> High levels of customer satisfaction (service awarded Customer Service Excellence) Recent arrangements with temporary libraries 	<ul style="list-style-type: none"> Very high 	<ul style="list-style-type: none"> Improving levels of customer satisfaction but there is inconsistency in gathering customer feedback. 	<ul style="list-style-type: none"> Annual customer survey for the past 10years shows consistently high levels of 97% and above

	they are provided		has resulted in a small drop in satisfaction			
Customer focus	<ul style="list-style-type: none"> ▪ New Structure recognises need to improve focus. ▪ Historical and embedded programming proves difficult to adapt to customer demands 	<ul style="list-style-type: none"> ▪ Well developed with evidence led planning 	<ul style="list-style-type: none"> ▪ Staff are clear and focused on delivering excellence to customers 	<ul style="list-style-type: none"> ▪ Well developed with evidence led planning 	<ul style="list-style-type: none"> ▪ Strong focus on customer and delivering high standards to both internal and external customers 	<ul style="list-style-type: none"> ▪ Bookings Process designed around customers. Areas for development include online access for customers
Financial performance	<ul style="list-style-type: none"> ▪ Mixed due to large degree of pool closures in recent years ▪ Overtime costs need reduced 	<ul style="list-style-type: none"> ▪ Variable – coaching programmes performing above expectation, gym s and swimming lessons below expectation through maintenance closures and marketplace competition 	<ul style="list-style-type: none"> ▪ Income generation is small although revenues have fallen in recent years e.g. DVD rental ▪ High cost areas have been controlled e.g, staff cover ▪ High proportion of budget spent on staff, ow on books 	<ul style="list-style-type: none"> ▪ NA 	<ul style="list-style-type: none"> ▪ Theatre hires remain buoyant with targets being met. 	<ul style="list-style-type: none"> ▪ Annual income targets met for 10 successive years ▪ Balanced budget delivered despite challenging maintenance spend
Pricing	<ul style="list-style-type: none"> ▪ Sportscotland review of sports charging identifies pricing at top end of charging scale. 	<ul style="list-style-type: none"> ▪ Top quartile 	<ul style="list-style-type: none"> ▪ Benchmarking with other local authorities, shows the service is generally in the middle pricing bracket with only a couple of areas towards the high end. 	<ul style="list-style-type: none"> ▪ NA 	<ul style="list-style-type: none"> ▪ Pricing for arts development classes are at the higher end when compared to other local providers. Theatre charges have increased significantly over the last two-three years but with no impact on number of hires – they appear still to be below benchmark venues. 	<ul style="list-style-type: none"> ▪ Mid to High dependent on customer. Commercial and social function income at the high end in comparison to competitors.

Marketing / Promotion / Communications	<ul style="list-style-type: none"> Marketing and Communication has not fully embraced Digital Media. Communications Material in the main is accurate but requires to improve Promotional activity is limited at present. 	<ul style="list-style-type: none"> Variable but good local press coverage of some events and activities 	<ul style="list-style-type: none"> Not sufficiently coordinated with other teams. Would benefit from brand to bring services together. Good use of social media. 	<ul style="list-style-type: none"> Variable but good local press coverage of events and activities 	<ul style="list-style-type: none"> Not sufficiently coordinated with other teams or effectively targeted Good use of social media. Good use of e-mail marketing. Quality of theatre brochure is high, but only promotes one service rather than entire venue. 	<ul style="list-style-type: none"> Traditionally poor whilst understanding the promotion of services that don't recover full costs generates specific challenges.
IT deployment	<ul style="list-style-type: none"> Good records exist and Leisure Management system could be utilised more extensively. IT system requirements present a barrier to the Customer journey and impede functionality. Not used fully for management information or marketing 	<ul style="list-style-type: none"> Well developed with online bookings, although scope for development e.g. swimming lessons 	<ul style="list-style-type: none"> Concern with regards to age and performance of staff PCs. New public access network not performing to required standard. Applications including Library Management System performing well. Public WiFi now available in eight libraries. Self service embedded and plans to implement mobile working 	<ul style="list-style-type: none"> Well developed 	<ul style="list-style-type: none"> Concerns with regard to age and performance of staff PCs. Current booking system working well but could benefit from improved integration with sports and leisure systems. Good use of Public Wifi made in Eastwood Park. Not used fully for management information or marketing 	<ul style="list-style-type: none"> Areas for development include online access for customers
Competitiveness in own market	<ul style="list-style-type: none"> Competition within easy travel distance of our venues is becoming greater. Need to be more flexible in approach to trend analysis and re- 	<ul style="list-style-type: none"> Variable – coached activities and swimming lessons well placed – may need to review in light of developing club activities in some 	<ul style="list-style-type: none"> Library service has limited direct competition – most services provided are free. The service has responded to the increase in 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> There is competition from other theatres in in the Greater Glasgow area as hiring venues More widely there is competition for cultural participation and 	<ul style="list-style-type: none"> Middle to High in comparison to other local authorities and private companies

<p>programming underperforming areas of the business</p> <ul style="list-style-type: none"> ▪ Issues over building condition cf. prices charged, eg gyms 	<p>areas</p>	<p>downloading books by introducing a free e-book/audio book and digital magazine service, but this requires greater profile.</p> <ul style="list-style-type: none"> ▪ There is competition from other providers of reading material. ▪ Service needs to develop reasons to visit and ability to retain customers. 		<p>engagement from Glasgow venues and services. There is the need for the service to identify its place within this market. Work on Arts strategy suggested focus might be on community arts rather than the professional sector.</p>	
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2.7 A new approach to services

In transferring the management of these services, the Trust has the opportunity to refresh the way in which services are delivered. An analysis of opportunities across the six main service areas has been carried out. Key themes across all services are set out below:

- More effective and professional promotion and marketing of services
- Opportunities to improve service by strengthened partnership working
- Use data/trends to develop programmes and services that increase visits and participation.
- Development of Leadership and empowerment of existing staff will provide opportunity to improve service without capital investment
- New approach to staff training – cross service training and multi –skilling for core staff.
- Joint programming and shared events management leading to opportunities for larger scale events to raise profile
- Ability to promote activity and services in a coordinated approach – cross selling more effectively in order to generate more income and promote services

In the next section we set out how the Trust is set to redefine its objectives and the way in which it delivers services.

3. Objectives of the Trust

In this section the vision, objectives and criteria for assessing the success of the Trust are set out.

Vision: The vision statement that summarises the Trust's purpose

Objectives: The objectives that will guide the Trust's future success

Key Performance Indicators: The areas upon which success will be assessed

3.1 Vision for the Trust

The vision statement for the Trust is as follows: (illustrative at December 2014 and subject to refresh from the Trust Board and General Manager on appointment)

“Inspiring active and healthy lives”

The vision sets out strategic direction and purpose of trust. It demonstrates why the trust exists and what its ultimate ambition is.

3.2 Trust objectives

A set of strategic objectives have been set to structure the vision and purpose of the trust. These objectives map out the future of the CLT and provide a framework for future performance to be measured. They are summarised as follows.

- ▶ Manage the services, assets and employees in accordance with good business practice, legislative requirements and in accordance with the Memorandum and Articles of Association to ensure strong governance and public accountability.
- ▶ Ensure that services contribute to the outcomes contained in the Community Planning Partnership's Single Outcome Agreement
- ▶ Deliver best value for every pound invested in the CLT; including generating investment opportunities for the development and improvement of cultural, leisure and community services.
- ▶ Promote the positive benefits of leisure, cultural and community services in terms of health and well-being, learning, community development and creativity.
- ▶ Promote participation in activities at all levels and for all sections of the community to enable residents to fulfil their potential in their chosen area of activity.
- ▶ Ensure that services meet or exceed the CLT's obligations under the Equalities Act 2010.
- ▶ Develop and nurture robust and productive partnerships with local clubs, community groups, voluntary organisations, NHS, national bodies and customer groups.
- ▶ Ensure our services listen to our customers and respond to their views.
- ▶ Value and develop our staff and promote a culture of empowerment.
- ▶ Offer community venues from which to deliver activities and resources which support inclusion, empowerment, lifelong learning, skills development and literacy.

These objectives focus on the key stakeholders of the trust, such as a focus on staff and customers and promoting the wellbeing of the local community, strong internal corporate governance and value for money themes also exist. However, most importantly, they demonstrate a commitment to aligning the interests of the Trust with the interests of the Council.

3.3 Key performance indicators

To allow the vision and purpose of the trust to be objectively measured and to align the daily activities to its strategic goals, a set of Key Performance Indicators (KPIs) are to be developed.

The KPIs will be developed in line with the breakdown of services that will be set out in the Agreement between the Trust and the Council. KPIs are set out in the table below. The table identifies KPIs that are required by Scottish Government, a range of KPIs already used by the Council and a number of proposed KPIs that will be considered in greater detail before formal establishment of the Trust in 2015.

KPI Heading	KPI Metric	KPI status
Attendances	Number of attendances per 1000 population to all pools;	SG requirement
	Number of attendances per 1000 population for indoor sports and leisure facilities;	SG requirement
	Number of library visits per 1000 population;	SG requirement
	Number of attendances at Eastwood Park Theatre per 1000 population;	Internal measure
	Number of visitors to halls	Internal measure
	Number of visitors to schools (after 6pm and weekends)	Internal measure
	Percentage of pupils taking part in sports activities at least once per week	Internal measure
	Percentage of adult resident population engaging in cultural activities	Internal measure
	Percentage of adult resident population participating in sport and physical activity	Internal measure
Satisfaction	% of services users rating sport & leisure facilities as very good / good;	SG requirement
	% of service users rating libraries service as very good / good;	SG requirement
	% of service users rating theatre / arts service as very good / good;	Internal measure
	Percentage of customers very satisfied / satisfied with Community Facilities;	Internal measure
	Number of complaints received per 1000 population;	SPSO requirement
Revenue and Costs	Cost per attendance at sport facilities;	SG requirement
	Cost per library visit	SG requirement
	Cost per sports centre visit	Internal measure
	Revenue growth at all facilities (TBC)	TBC
Equalities	% usage rates of key equality groups.	Internal measure

KPIs and specific targets will be developed in detail by the Trust board and management team as part of establishing the detailed operational and financial plan.

4. Financial and operating plan

This section sets out the outline financial and operating plan for the Trust to enable it to achieve its objectives and targets.

4.1 Setting the financial plan

A detailed financial plan will be drafted during the period to the proposed commencement of the Trust in the summer of 2015. The detailed financial plan will require formal sign off from the Council and the Trust Board.

Below a number of key components that will inform the financial plan are described.

4.1.1 Non-Domestic Rates and VAT savings

A primary advantage of transferring services to a charitable trust is the savings permitted via non-domestic rates (NDR, rates) and VAT as a result of charitable status. In preparing this business plan detailed work has been conducted on the actual income and expenditure recorded in 2013/14 associated with proposed services transferring to Trust. This analysis has established a range of potential savings that may be achieved via NDR and VAT. This requires the final agreement of the Assessor. The range of savings is summarised below:

	Low range	High range
NDR	644,071	644,071
VAT	44,081	126,035
Total	688,152	770,106

A range of savings has been provided as all savings would be subject to agreement with HMRC. The range of savings set out above represents gross savings and does not consider costs that would be incurred as a result of operating the Trust, in other words costs that would not otherwise be incurred if services remained with the Council. The net savings from NDR and VAT are therefore set out below:

	Low range	High range
NDR	644,071	644,071
VAT	44,081	126,035
Total	688,152	770,106
Less adjustments:		
Recurring costs*	290,000	290,000
Total adjustments	290,000	290,000
Net savings	398,152	480,106

**detailed in the next section*

Based on the analysis, projected net savings for the Trust from NDR and VAT are between £400k and £500k. All savings defined above will be subject to approval with HMRC. These discussions would commence post approval of the Trust by the Council.

4.1.2 One off transition costs

The following one-off transition costs have been identified for the Trust. The costs below are forecasts. Actual costs will be developed closer to the mobilisation phase through the

detailed operational and financial plan. These costs are proposed to be met through NDR and VAT savings in 2015/16.

Transition costs	£
Trust office set up costs	£20k
Legal costs	£20k
Media, website, marketing	£50k
Contingency	£40k
ICT	£20k
Total	£150k

4.1.3 Ongoing recurring costs

The following recurring costs have been identified that will be incurred on an ongoing annual basis by the Trust. The costs are forecasts and actual costs will be developed as part of the detailed financial plan process.

Transition costs	£
General Manager position (including on-costs)	£100k
Insurances	£70k
External audit fee	£10k
Legal costs	£10k
Other regulatory costs	£10k
Media and marketing	£30k
Contingency	£30k
Staff for High School	£30k
Total	£290k

Recurring costs in 2015/16 are proposed to be met through year one NDR and VAT savings in the same way as one off transition costs.

4.1.4 Savings passed to the Trust

The establishment of the Trust coincides with a significant 3 year budget savings programme being undertaken by the Council. As part of this programme significant savings are required across the Education department which includes leisure and culture and the Corporate & Community Department which includes Community Halls. The transfer of these services does not protect them from the savings that are necessary across the Council.

The savings required by the Council from the Trust in the first 3 years signal a significant challenge. As a result of the Council budget setting process the Education Department and Corporate & Community Department have identified the areas of existing budgets that could deliver the required savings. These areas are identified in the table below. The Trust may choose to make savings in alternative areas to those described and this would be a decision for the Trust upon establishment.

Breakdown of savings:	Committed saving from 2015/16 to 2017/18
Redesign of community libraries	£325,000
Reduction in library book fund	£66,000
Libraries IT	£25,000
Redesign of sports development	£56,000

Youth diversion	£13,000
Sports centres management/supervision	£56,000
Sports clubs	£8,000
Arts – improve cost recovery	£53,000
Youth diversion	£15,000
Set shifts/opening hours for halls	£53,000
Increased income from community facilities charges	£54,000
Sports Income Generation	£40,000
Sports redesign savings	£25,000
Energy savings	£23,000
Theatre and library income	£12,000
Hall admin	£7,000
General admin savings	£50,000
Total	£881,000

In addition to the £881,000 in savings set out above, the Council has budgeted for a further £400,000 to be saved by leisure and culture services through non-domestic rates and VAT as a result transferring services to the Trust. The Council therefore anticipates £1.3m of permanent savings from the Trust over the 3 year period. In the event services do not transfer to Trust, the £400,000 expected from rates and VAT savings would be required to be met by other means. This may pose a direct risk to jobs across the services.

4.1.5 Improving financial performance through the Trust

The savings targets passed to the Trust by the Council indicate a minimum level of required savings by the Trust. It is hoped that the Trust will outperform these targets through a combination of seeking greater efficiencies and targeting improved revenue performance. It is envisaged that the Council and the Trust may enter into an agreement to share in any outperformance. This would be a matter for further discussion between the parties prior to establishment of the Trust.

4.2 Leisure and Culture Budget for 2015/16

An indicative Council budget for leisure and culture services for 2015/16 is set out below. This will be approved in February 2015.

	<u>Sports</u>	<u>Arts &</u>	<u>Community</u>		
	<u>Services</u>	<u>Theatre</u>	<u>Halls</u>	<u>Libraries</u>	<u>Total</u>
Total Gross Expenditure pre savings	5,708,800	737,500	2,209,700	2,115,300	10,771,300
Proposed savings 2015-2016	-155,000	-41,000	-7,000	-29,000	-232,000
Total Expenditure post savings	5,553,800	696,500	2,202,700	2,086,300	10,539,300
Total Income	2,983,700	302,600	731,800	98,400	4,116,500
Net Expenditure	2,570,100	393,900	1,470,900	1,987,900	6,422,800

The budget includes £232,000 of savings delivered through efficiencies as set by the Council. These savings do not include non-domestic rates and VAT savings or efficiencies unlocked by transferring services to the Trust. The Council's proposed approach to establishing the Trust is to allow rates and VAT savings in 2015/16 to meet one-off transition costs and recurring costs. Rates and VAT savings of £412,000 are projected for 2016/17 on this basis. The indicative budget excludes loan charges associated with moveable assets (see 6.2).

In the event services transfer to Trust in 2015/16, the management fee payable by the Council to the Trust would be based upon the budget outlined above. The management fee would be subject to a number of adjustments related to the provision of services between the Council and the Trust. For example, it is envisaged that the Council would continue to provide back office support to the Trust in the early years to provide continuity of services. The management fee may therefore differ from the net expenditure figure above to reflect the provision of those services. Adjustments may also be required for other services such as repairs and maintenance which is anticipated to remain the responsibility of the Council. Defining the management fee for 2015/16 would be a key component of preparing the detailed financial and operating plan.

4.3 Detailed operational plan

The information contained in this early business plan will be refined and revised following the appointment of the Board and the General Manager of the Trust. These parties will work with the Council and its advisors to create a detailed financial and operational plan for the Trust.

It is anticipated the detailed operational plan will focus on the following:

- ▶ Financial and operational plan for year 1 including the management fee
- ▶ Financial and operational plan for the first 3 years
- ▶ Financial and operational plan to year 10
- ▶ Savings targets for the Trust
- ▶ Revenue generation opportunities and targets

Potential gain share mechanisms to incentivise the Trust to meet its targets

5. Management and employees of the Trust

In this section of the business plan the key considerations for employees of the Trust are set out.

5.1 Trust Senior Management

A new Senior General Manager will be appointed

The recruitment process will commence in early 2015 with a view to appointing the successful candidate in March 2015.

Key requirements of the Senior Manager will be the following:

- Create a customer focussed environment
- Manage and deliver services more efficiently
- Ability to identify and develop commercial opportunities
- Team leading
- Developing a strong relationship with the Board and Council

5.2 Staff considerations

Delivery of high quality services requires recognition that employees are an organisation's greatest asset. A loyal, committed and engaged workforce is the real key to business success. A learning and development programme will develop and support staff to achieve outcomes. This will include supporting staff within the culture of an organisation which is customer-focussed and service led.

Employee engagement and customer satisfaction are inextricably linked, which in turn drive improved efficiency. A communication strategy to support employee engagement will be developed.

All employees and potential employees (whether full-time, part-time, permanent or temporary) will be treated fairly, regardless of age, disability, gender reassignment, marriage/civil partnership, pregnancy/ maternity, race, religion or belief, sex and sexual orientation.

During the development phase of the Trust, arrangements have been put in place to communicate regularly with employees on progress. This includes Trade Union involvement on the Trust Steering Group; a specific area on the Council's intranet for frequently asked questions; direct mailings to employees and establishment of a staff forum to formally respond to staff queries regarding the Trust. In addition the Board Structure of the Trust will include a member of the Trade Union to ensure employee participation at the decision making level.

The Trust will take over any collective agreements made by the Council in respect of any transferring employees and which are in place at the point of transfer. These will include terms and conditions of employment negotiated through collective bargaining up to the point of transfer and which are incorporated into the contracts of transferring staff at the point of transfer only. The Trust will continue to recognise the Trade Unions and will set up a new collective bargaining arrangement.

5.3 TUPE

The services in scope for transfer are:

- ▶ Sports centres
- ▶ Sports Development
- ▶ Active Schools
- ▶ Libraries
- ▶ Arts Development
- ▶ Eastwood Park Theatre
- ▶ Community Halls

All staff wholly or mainly assigned to the “transferable role” will move to the Trust. Staff will transfer with their existing terms and conditions of employment under TUPE. This includes:

- ▶ Current hourly rate
- ▶ Hours of work
- ▶ Sick Pay
- ▶ Continuous service
- ▶ Annual leave and public holiday entitlement (including the Eastwood Long Service Award)
- ▶ Working hours as per employment contract

5.4 Staff pensions

The Trust will apply to be given admitted body status within the Strathclyde Pension Fund (SPF). This would enable Trust employees to continue to participate in the Local Government Pension Scheme with no changes to pension provision and full service protection.

By entering SPF as an admitted body the Trust would be committing to all terms that need to be met by the employer. SPF has a structured process that the Council and Trust will need to follow before any firm commitment can be given and this process can take up to 6 months.

All other councils who have set up a Trust have been successful in achieving admitted body status.

6. Governance and Monitoring

In this section the legal principles and proposed governance arrangements for the Trust are set out.

6.1 Legal Principles

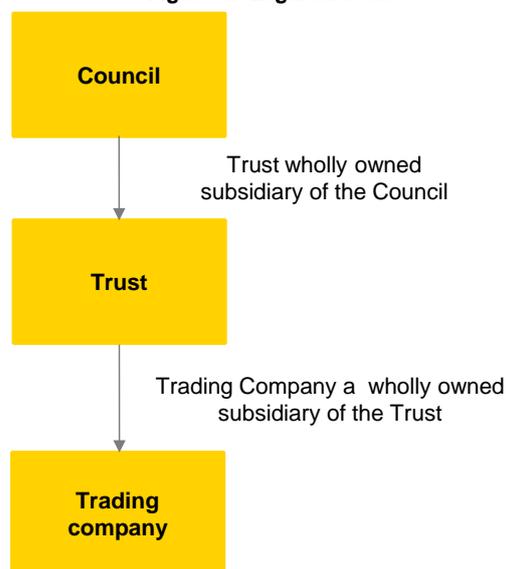
The Trust will be a separate entity from East Renfrewshire Council

The Trust will be run as a wholly separate entity from East Renfrewshire Council with its own governance and board structure

The Council will retain ownership of the assets that transfer to the CLT. The management of the services will transfer from the Council to the CLT.

The following diagram represents the intended corporate structure of the Trust and highlights the wholly owned status in addition to the trading company.

Figure 1: Legal structure



The Trust will be a charitable company

The CLT will be set up as a company, at this stage referred to as “East Renfrewshire Culture and Leisure” (or “the CLT”) to deliver on the established charitable objectives for the Trust.

When this business plan is finalised, the new company will be able to submit its application to OSCR for charitable status.

The charitable status of the CLT will enable it to make significant savings on non-domestic rates (NDR) and VAT.

By transferring the management of leisure and cultural assets into a charitable trust, the Council will be following a process undertaken by around two thirds of Scotland’s local authorities to date.

The Trust will have a trading company

The CLT will establish a trading subsidiary, at this stage referred to as “East Renfrewshire Culture and Leisure Trading Company” (“the Trading Company”). The Trading Company will undertake all non-primary activities that sit outside the charitable objectives, for example the

commercial activities associated with operating any cafés and bars and the rental of business space with profits gift-aided from the Trading Company to the Trust.

The trust will have the following key features:

- As a company limited by guarantee:
 - It gives the company, and its members, limited liability rights
 - It is incorporated under the Companies Act 2006 without issuing shares but instead the member guarantees a sum of money in the event of insolvency
- The directors have duties and responsibilities under the Companies Acts and additional duties as trustees once the company is a registered charity
- It is regulated by both Companies House and the Office of Scottish Charity Regulators (“OSCR”)

6.2 The contract between the Council and the Trust

The contract between the Trust and the Council will set out a range of roles and responsibilities of the parties. A summary of key components of this contract is set out below:

- It transfers control over the facilities and equipment from the Council to the Trust, with the Trust responsible for the replacement of that equipment
- It provides that the repair and maintenance of Trust assets will continue to be undertaken by the Council’s repairs and maintenance team.
- It requires the Trust to provide the culture and leisure services in exchange for service payments
- It includes protection for employees in relation to their employment terms and conditions and pensions
- It contains reporting and governance mechanisms ensuring proper scrutiny by the Council
- It requires the Council to provide back office support services to the Trust (the continued long term delivery of these services from the Council being a matter for CLT management and the Trust Board).

Responsibility for the repair and maintenance of assets will remain with the Council

At the establishment of the CLT, the repair and maintenance of assets will continue to be undertaken by the Council’s repairs and maintenance team within the ERC Environment Department.

The repair and maintenance of CLT assets will be treated in the same way as any other Council asset.

The terms and conditions of repairs and maintenance will be set out in detail in the Agreement between ERC and the CLT

Capital expenditure on assets will remain the responsibility of the Council

Any capital expenditure associated to transferred assets will be undertaken by the Council in agreement with the CLT

Asset replacement for specific assets will be the responsibility of the CLT

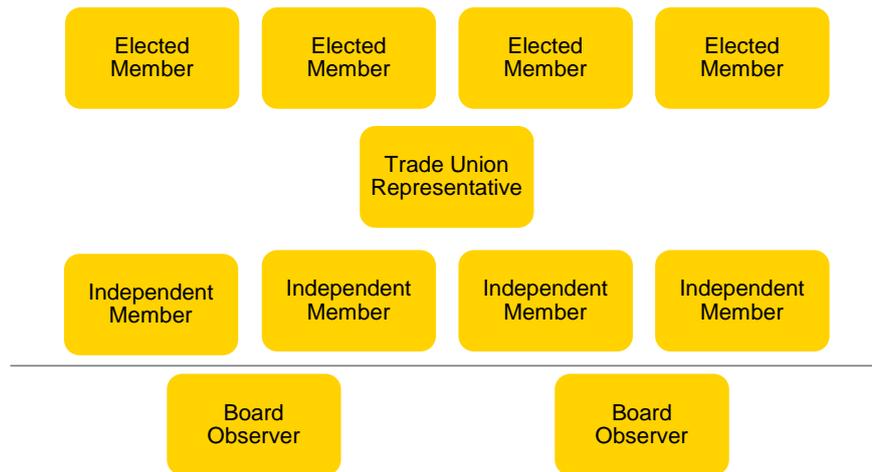
The replacement of moveable assets transferred to the CLT (for example Gym equipment) will be the responsibility of the CLT and not the Council. The individual assets that this requirement refers to are set out in the Agreement between the ERC and the CLT.

Capital / loan charges associated with these assets will be included in the annual management fee with the Trust expected to repay the Council the cost of these charges up to the point that these loan agreements end. Any subsequent loan arrangements for replacement moveable assets will be the responsibility of the Trust.

6.3 Governance and monitoring

The Trust will have its own Board. The duties and roles and responsibilities of the Board will be detailed in the formal Articles of Association. Below we summarise the key governance and monitoring structure.

The Trust board structure is proposed as follows:



The CLT Board will be made up of an equal number of Council Elected Members and independent representatives with an additional representative from the Trades Unions as representation for staff. Council members are therefore in the minority on the Trust Board. The Chair will be elected by the Board itself. In addition, there will be two East Renfrewshire Council Officers who will act as observers on the board.

The board structure has been adopted to enable the CLT to meet its objectives

The proposed board structure has been developed by ERC and its legal advisors and draws on lessons learned from other culture and leisure trusts in Scotland. The structure is also compliant with OSCR guidance.

The board member roles will be clearly defined in the Articles of Association

The roles and responsibilities and code of conduct for Board members, including those relating to Board observers are set out in the Articles of Association

The recruitment of the board will be designed to ensure an optimal mix of skills and experience

It is proposed that the Board recruitment process will commence in early 2015. The board will be recruited prior to the go live date of the Trust and will therefore act as a “shadow” board between recruitment and commencement of operations.

A formal strategic risk assessment and risk mitigation strategy will be undertaken by the board and the general manager

A formal risk assessment will be conducted as part of the detailed financial and operational plan undertaken by the board and the new general manager. A draft risk assessment is contained at Appendix B.

6.4 Performance & Budget monitoring arrangements

The trust will demonstrate the principles of best value in terms of performance planning, management and public performance reporting. This includes having in place effective systems for performance management, measurement and review. The Trust's plans will demonstrate how it contributes to the outcomes in the East Renfrewshire Community Planning Partnership's (CPP) Single Outcome Agreement and the Council's Outcome Delivery Plan. This will include having in place a robust set of performance measures and targets. Performance against these measures will be monitored through the CPP and Council's existing performance management arrangements.

The Trust and the Council will agree to meet annually to review annual performance, existing arrangements and the annual management fee.

The Trust will contribute to the CPP Performance Accountability Review (PAR) meeting twice yearly to discuss performance and identify areas for service improvement. An update and performance data from the PAR forms part of the Council's Strategic Performance report which is considered by Cabinet in December and June of each year.

The Trust will also contribute to strategic initiatives, for example, the Early Years Collaborative.

Budget Monitoring reports should be submitted to Cabinet / the trust board six times per year in line with the Council's reporting structures.

Change event mitigation

The legal agreement between the Trust and the Council will include a provision to ensure that major events that lead to either significant cost increases or reductions in revenue are taken into account when agreeing the management fee between the Council and the Trust.

For example, proposed capital works to Eastwood Park Leisure in the next 2-3 years are anticipated to lead to a period of commercial inactivity of up to one year. The impact of this event is a significant reduction in revenue for that financial year. Unknown events may have similar impacts. As such, the legal agreement is to contain a provision to ensure the Trust and Council can work together to deal with the commercial impact of these events.

7. Next steps and delivery plan

In this section the delivery plan to set up the Trust is set out. It includes a timeframe for key processes and decisions including the detailed financial and operational plan.

7.1 Next Steps

There are a number of actions that may be taken following the approval of this business plan by council members. These are as follows:

- Approval of this Business Plan by the Council
- Develop Transfer and Service Agreement
- Recruitment of the Shadow Board
- Recruitment of the Senior General Manager
- Development of the detailed financial and operating plan
- Finalisation of the business plan as a Trust document

These key steps and other components of the mobilisation phase are summarised in the delivery plan set out below:

7.2 Delivery plan for the Trust

Tasks	Nov	Dec	Janu	Febr	Mar	April	May	June	July
Project management	█	█	█	█	█	█	█	█	█
Ancillary legal documentation									
OCSR application	█	█	█						
OCSR approval				█					
Strategic pensions advice	█	█							
HMRC engagement									
HMRC approval							█		
VAT registration									
Shadow Board Members Recruitment									
TUPE transfer process									
Trust in existence					█				
Approval to transfer							█		
Deatiled financial and operational plan / Business Plan refresh									
Trading company structuring and lease review									
Live CLT									
Governance Board monthly meetings									

Appendix A Market Environment

Gym prices – private sector

Facility	12 Month Contract (cost per month)	Monthly Casual (cost per month)	Joining Fee
East Renfrewshire Leisure	-	£39.95	-
Private providers			
Exercise For Less, Renfrew	-	£15.00	£20.00
Exercise For Less, East Kilbride	-	£15.00	£20.00
Origins Fitness, Hillington	-	£30.00	-
Pure Gym, Paisley	-	£16.99	£15.00
Glasgow Fitness, Thornliebank	£29.99	£34.99	£20.00
Virgin Active, Glasgow	£45.00	£53.00	£15.00
Nuffield, Giffnock	£49 - £57	-	-
Parklands Country Club, Newton Mearns	£70.00	-	-

Gym prices – public sector

Facility	12 Month Contract (cost per month)	Monthly Casual (cost per month)	Joining Fee
East Renfrewshire Leisure	-	£39.95	-
Local Authorities			
South Lanarkshire	£41.15	-	-
Renfrewshire Leisure	£31.50	-	£30.00
Glasgow Life	£33.00	£37.00	-
North Ayrshire	£34.00	-	-

Theatre private hire

Private hire venue	Capacity	Commercial (1 x Evening Performance)	Non-commercial (Week-long Hire)
Eastwood Park Theatre	322	£726	£3,922
Public sector			
Howden Park Theatre	296	£754*	£6263*
Motherwell Theatre	392	£1089*	£6154*
The Mitchell Theatre	410	£1,000	£7,000
The Village Theatre	314	£808*	£4462*

*pricing includes additional technical charges to ensure comparability with Eastwood Park Theatre

Appendix B Risk Assessment

In this subsection the key risks that may impact the success of the Trust are identified. In addition, a number of mitigation strategies are identified.

Risk Ranking	Potential Risk/Issue	Commentary	Mitigation
1	The Trust is unable to meet the savings targets set by the Council	The Trust is being asked to make £1.3m in savings over its first 3 years by the Council	The Trust and Council work collaboratively in the lead up to mobilisation to ensure the Trust is set up to succeed
	The Trust is unable to successfully transition into a new way of working	The Trust's success relies upon finding a more commercially focussed and efficient way of delivering culture and leisure services	The appointments of the Board and General Manager are shaped to ensure transition to a new way of working is a priority
	Maintenance backlog continues	Maintenance of assets has been a key drawback for culture and leisure services	<p>The responsibility of maintenance will remain with the Council for the initial years of the Trust. The Trust will have recourse to discuss the quality and responsiveness with the Council</p> <p>In addition, the Council and Trust Agreement will set out the Council's commitment to provide maintenance services</p>
	Continued capital investment in facilities remains constrained	Future capital expenditure options need to be finalised to ensure a healthy programme of capital investment for Trust Assets	The Council has under consideration significant capital investment at Eastwood Leisure. The Trust and Council will continue to target capital improvements
	The Trust is unable to compete in the market	The Trust faces competition across its services, most acutely in the provision of sports and gym services	The Trust will have the flexibility to respond to competition and be bolder and more commercial in its service provision. A more competitive approach is essential and will be a key element of the recruitment process of the Board and General Manager and future staff training.
	Service Level Agreements do not provide the services the Trust requires	The Council will provide a range of back office functions for the Trust for the first 3 years	The Trust could benefit from continuity of back office services from the Council for a given period. At that point the future provision of services may be discussed by the Trust and the Council. Any new agreement would require to consider the cost savings to the Council at a Group / Corporate level given the Trust will be a wholly owned subsidiary.
	ICT hampers the Trusts efforts to succeed	Can the Trust use the Council's existing ICT network	The transition of IT services will be geared towards ensuring issues are limited. Continued investment in IT will be targeted by

the Trust.

Governance Board / General Manager recruitment is delayed / unsuccessful	The Board and General Manager positions are to be filled in 2015	A proactive approach is being prepared to ensure sufficient time is available to recruit successfully
ERC retained financial liabilities and other balance sheet treatments	ERC's retained financial liabilities should be explicitly documented.	Legal and balance sheet treatments will be considered as part of the Transfer and Service Agreement between the Council and Trust
Future staffing structure	What is the most appropriate operational structure for the Trust	The future operating model for the Trust must ensure that it can continue to provide the broad range of services to East Renfrewshire residents to a high quality. It must also ensure that services are delivered efficiently and competitively. The operating model will be a key component of the detailed financial and operating plan designed by the General Manager and Trust Board on appointment.
Incentivising the Trust	The Trust should be incentivised to make cost savings and over-reach revenue targets	A gain share mechanism is being considered to ensure both the Trust and the Council are incentivised to make the Trust a success.

Appendix C Historical performance

Attendances

Description	Date range 1				
	2009/10	2010/11	2011/12	2012/13	2013/14
	Value	Value	Value	Value	Value
10) Sport & Leisure Management. Number of attendances per 1,000 population to all pools	3,566	3,368	3,606	3,289	2,582
Number of attendances per 1,000 population for indoor sports and leisure facilities	4,594	4,747	4,437	4,534	4,345
12a) Number of Library visits per 1000 population	5,434	5,329	5,378	5,301	4,717
Total number of visitors to halls	N/A	364,401	353,157	350,276	366,368
Total number of visitors to schools	N/A	471,295	410,988	418,505	632,204

Performance / Impact

Description	Date range 1				
	2009/10	2010/11	2011/12	2012/13	2013/14
	Value	Value	Value	Value	Value
Percentage of pupils taking part in sports activities at least once per week.	N/A	N/A	N/A	32%	53.6%
Percentage of adult resident population engaging in cultural activities	N/A	N/A	N/A	88%	N/A
Citizens' Panel: % of service users rating libraries service as very good/good	N/A	95%	98%	98%	90%
Citizens' Panel: % of service users rating sport and leisure facilities as very good/good	N/A	84%	86%	79%	85%
Citizens' Panel - Theatre/Arts % of service users rating service as very good/good	N/A	90%	96%	92%	N/A

Description	Date range 1				
	2009/10	2010/11	2011/12	2012/13	2013/14
	Value	Value	Value	Value	Value
Percentage of customers very satisfied/satisfied with Community Facilities (based on Community Facilities Survey Results)	99%	99%	97.5%	97.5%	98%

Revenues and costs

Description	Date range 1				
	2009/10	2010/11	2011/12	2012/13	2013/14
	Value	Value	Value	Value	Value
SC&L01: Cost per attendance at sports facilities £	N/A	£8.38	£7.18	£7.44	N/A
SC&L02: Cost per library visit £	N/A	£4.67	£4.08	£3.88	N/A

Equalities

Description	Date range 1				
	2009/10	2010/11	2011/12	2012/13	2013/14
	Value	Value	Value	Value	Value
% usages rates of key equality groups (BME, Disabled, Elderly) - halls	N/A	10.2%	11.2%	11.1%	9.6%
% usages rates of key equality groups (BME, Disabled, Elderly) - schools	N/A	4.3%	4.3%	4.5%	3.7%
% of community facilities in which all public areas are suitable for and accessible to disabled people	N/A	90%	90%	90%	86%

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY GUARANTEE
ARTICLES OF ASSOCIATION
of
EAST RENFREWSHIRE CULTURE & LEISURE LIMITED

Brodies LLP
Solicitors
15 Atholl Crescent
Edinburgh EH3 8HA
Tel: +44 (0) 0131 228 3777
Fax: +44 (0) 0131 228 3878
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PART 1 - INTERPRETATION AND LIMITATION OF LIABILITY

1 Definitions and interpretation

1.1 In the Articles, unless the context requires otherwise:

"**Act**" means the Companies Act 2006;

"**Articles**" means the company's articles of association;

"**Bankruptcy**" includes individual insolvency proceedings in a jurisdiction other than Scotland which have an effect similar to that of bankruptcy or sequestration;

"**Charitable Purposes**" means a charitable purpose under section 7 of the Charities Act which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;

"**Chairman**" has the meaning given in article 25;

"**Chairman of the Meeting**" has the meaning given in article 33;

"**Charities Act**" means the Charities and Trustee Investment (Scotland) Act 2005;

"**Clear Days**" means the period of the length specified in the Articles excluding the day of the meeting and the day on which the notice is given. Where the notice is sent by post to an address in the United Kingdom, and the company can show that it was properly addressed, pre-paid and posted, notice is deemed to have been given to the intended recipient 48 hours after it was posted;

"**Companies Acts**" means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the company;

"**Council**" means East Renfrewshire Council, a local authority constituted in terms of the Local Government etc. (Scotland) Act 1994 and having a principal office at Eastwood Park, Giffnock, East Renfrewshire G46 6UG;

"**Director**" means a director of the company and includes any person occupying the position of director, by whatever name called;

"**Document**" includes, unless otherwise specified, any document sent or supplied in Electronic Form;

"**Electronic Form**" means, in relation to the sending or supply of a document or information, the sending or supply by electronic means (such as by e-mail or fax) or by any other means while in an electronic form (such as sending a disk by post);

"**Eligible Director**" means a Director who would be entitled to vote on the matter at a meeting of Directors, but excluding any Director whose vote is not to be counted in respect of the particular matter;

"**Member**" has the meaning given in section 112 of the Act;

"**Ordinary Resolution**" has the meaning given in section 282 of the Act;

"**Participate**", in relation to a Directors' meeting, has the meaning given in article 22 and "**Participating**" shall be construed accordingly;

"**Proxy Notice**" has the meaning given in article 39;

"**Special Resolution**" has the meaning given in section 283 of the Act; and

"**Writing**" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.

1.2 Unless the context otherwise requires:

1.2.1 other words or expressions contained in these Articles bear the same meaning as in the Act as in force on the date when these Articles become binding on the company; and

1.2.2 words in the singular include the plural and in the plural include the singular.

1.3 These Articles apply instead, and to the exclusion, of the model articles for private companies limited by guarantee set out in schedule 2 of The Companies (Model Articles) Regulations 2008.

2 Objects

2.1 The company is established for Charitable Purposes and subject to that qualification the objects for which the company are established ("Objects") are:

2.1.1 the advancement of the arts, heritage, culture;

2.1.2 the advancement of public participation in sport;

2.1.3 the provision of recreational facilities and the organisation of recreational activities, to the public at large, with the object of improving the conditions of life of those for whom the facilities and activities are intended; and,

2.1.4 the advancement of education.

3 Powers

In furtherance of the Objects the company shall have the following powers:

SERVICES

3.1 to promote, establish, operate and manage facilities for culture, education, recreation, sports and other leisure time activities;

3.2 to prepare, organise, support (financially and/or otherwise) participate in, and/or conduct conferences, seminars, courses, programmes and events of all kinds;

- 3.3 to commission and/or conduct research, and to publish and promote the results of such research;
- 3.4 to design, prepare, publish and/or distribute informational and promotional materials, including information packs, leaflets, books, newsletters, magazines, posters and other publications, audio and video recordings, multimedia products, display materials and online or electronic resources;

FINANCIAL

- 3.5 to raise and accept funds and contributions from any source, and appeal and apply for funds and contributions;
- 3.6 to effect insurance against risks relating to the activities of the company and insurance referred to in Article 46;

PERSONNEL

- 3.7 to employ and remunerate such employees as are considered necessary from time to time for the furtherance of the Objects, and to make arrangements for the putting in place of pensions provision for such employees and their partners and dependants;
- 3.8 to engage such consultants and advisers as are considered appropriate from time to time;

COLLABORATION

- 3.9 to liaise with any other person, including European, UK, Scottish and local government authorities and agencies, local enterprise companies, local economic development companies, voluntary sector bodies and others, all with a view to maximising the effectiveness of the company in pursuing its Objects;
- 3.10 to initiate, promote, conduct, participate in (whether via a wholly owned subsidiary, a joint venture company, limited liability partnership or otherwise), co-ordinate, monitor and/or assist (whether financially or otherwise), projects, initiatives and schemes of all kinds which further any of the Objects;
- 3.11 to promote companies and/or bodies whose activities may further one or more of the above Objects or may generate income to support the activities of the company, acquire and hold shares, stocks, debentures and other interests in such companies, and carry out in relation to any such company which is a subsidiary of the company, all such functions as may be associated with a holding company;
- 3.12 to enter into any arrangement with any person which may be advantageous for the purposes of the activities of the company, and to enter into any arrangement for co-operation or mutual assistance with any charity;

PROPERTY

- 3.13 to purchase, take on lease or in exchange, hire or otherwise acquire any property and any rights or privileges and to construct, maintain and alter any buildings or erections which the company may think necessary for the promotion of its Objects;

- 3.14 to sell, let, mortgage, dispose of or turn to account all or any of the property or assets of the company with a view to the furtherance of the Objects;
- 3.15 to improve, manage, exploit, develop and otherwise deal with all or any part of the undertaking, property and rights of the company;
- 3.16 to acquire and take over the whole or any part of the undertaking and liabilities of any person entitled to any property or rights suitable for any of the Objects;
- 3.17 to purchase, take on lease, hire, take in exchange, and otherwise acquire any property and rights which may be advantageous for the purposes of the activity of the company;
- 3.18 to sell, let, hire, license, give in exchange and otherwise dispose of all or any part of the undertaking, property and rights of the company;
- 3.19 to improve, manage, enhance, develop, turn to account and otherwise deal with all or any part of the undertaking, property and rights of the company;
- 3.20 to oppose or object to any application or proceedings which may prejudice the company's interests;
- 3.21 to do any or all such other lawful things as are necessary for the attainment of, or which might reasonably be regarded as likely to further, or which might appropriately be carried out in connection with, any or all of the Objects;

4 Income and Property

The income and property of the company shall be applied solely towards the promotion of its Objects set out in article 2 and no portion shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to Members of the company nor shall any payments be made to Directors except as permitted by these articles.

5 Liability of Members

- 5.1 The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member, for:
 - 5.1.1 payment of the company's debts and liabilities contracted before he ceases to be a Member;
 - 5.1.2 payment of the costs, charges and expenses of winding up; and,
 - 5.1.3 adjustment of the rights of the contributories among themselves.

PART 2 - DIRECTORS

6 Types of Director

For the purposes of these articles:

“**Council Director**” means a Director appointed or re-appointed under article 8;

“**Independent Director**” means a Director appointed or re-appointed under article 9; and

“**Trade Union Representative Director**” means a Director appointed or re-appointed under article 10.

7 Number of Directors

The maximum number of Directors shall be 9 comprising:

- 7.1 a maximum of four Council Directors;
- 7.2 a maximum of four Independent Directors; and
- 7.3 a maximum of one Trade Union Representative Directors.

APPOINTMENT AND REMOVAL OF DIRECTORS

8 Appointment and removal of Council Directors

8.1 Subject to article 7 the Council, for so long as it remains a Member of the company, may by notice in writing given to the company:

8.1.1 appoint any elected member of the Council who is willing so to act to be a Council Director;
or,

8.1.2 remove any Council Director from the office of Director.

8.2 Any appointment or removal of a Director under this article 8 shall be effective from the date on which the relevant notice is given to the company.

9 Appointment and removal of Independent Directors

9.1 Subject to article 7 and 9.3 the Council, for so long as it remains a Member of the company, may by notice in writing, signed on its behalf by an appropriate officer and given to the company:

9.1.1 appoint any person (other than an elected member, officer, or employee of the Council) who is willing so to act be an Independent Director; or,

9.1.2 remove any Independent Director from the office of Director.

9.2 Any appointment or removal of a Director under this article 9 shall be effective from the date on which the relevant notice is given to the company.

9.3 The Independent Directors shall be appointed on the basis of their having skills and experience which, in the opinion of the Member, would be of assistance to the board of Directors.

10 Appointment and removal of Trade Union Representative Directors

10.1 Subject to article 7 the Council, for so long as it remains a Member of the company, may by notice in writing, signed on its behalf by an appropriate officer and given to the company:

10.1.1 appoint any representative of the employees of the company who is willing so to act be an Trade Union Representative Director; or,

10.1.2 remove any Trade Union Representative Director from the office of Director.

10.2 Any appointment or removal of a Director under this article 10 shall be effective from the date on which the relevant notice is given to the company.

11 Termination of Director's appointment

11.1 A person ceases to be a Director if:

11.1.1 that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;

11.1.2 that person becomes prohibited by law from being a charity trustee;

11.1.3 a Bankruptcy order is made against that person;

11.1.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;

11.1.5 notification is received by the company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;

11.1.6 they are removed from office in terms of Clauses 8.1.2, 9.1.2 or 10.1.2 of these Articles.

12 Directors' and secretary's expenses and remuneration

12.1 The company may pay any reasonable expenses which the Directors and the company secretary (if any) properly incur in connection with their attendance at meetings of Directors or committees of Directors or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

12.2 No Director shall be appointed to any office under the company in respect of which a salary or fee is payable.

- 12.3 No benefit (in money or money's worth) shall be given by the company to any Director except for the repayment of reasonable out of pocket expenses.
- 12.4 The Trade Union Representative Director (if he/she is also an employee of the Company) shall, notwithstanding that he/she is a Director of the Company, be entitled to all remuneration, and all pensions and/or other benefits, paid or provided to him/her in his/her capacity as an employee of the Company.

DIRECTORS' POWERS AND RESPONSIBILITIES

13 Directors' general authority

- 13.1 Subject to the Articles, the Directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

14 Members' reserve power

- 14.1 The Members may, by Special Resolution, direct the Directors to take, or refrain from taking, specified action.
- 14.2 No such Special Resolution invalidates anything which the Directors have done before the passing of the resolution.

15 Directors' interests

- 15.1 Subject to the provisions of the Act, articles 2 and 16.3 and provided that he/she has disclosed to the Directors the nature and extent of any personal interest which he/she has (unless immaterial), a Director:
- 15.1.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;
 - 15.1.2 may be party to, or have some other personal interest in, any transaction or arrangement in which the company or any associated company has an interest;
 - 15.1.3 in the case of the Trade Union Representative Director, may be employed by the company;
 - 15.1.4 may be a Director or secretary of, or employed by, or have some other personal interest in any associated company;
 - 15.1.5 shall not, because of his/her office, be accountable to the company for any benefit which he/she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such company,

and no such transaction or arrangement shall be liable to be treated as void on the grounds of any such interest or benefit.

- 15.2 Without prejudice to 15.1 above, a Director may be an elected member, officer, or employee of the Council and the duty of Directors under section 175 of the Act to avoid situations under which they have, or could have, a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the Company shall not extend to any such relationship with the Council.

16 Conduct of Directors

- 16.1 Each of the Directors shall comply with the Council's code of conduct (incorporating detailed rules on conflict of interest) prescribed by the Directors or the Members from time to time; for the avoidance of doubt, the code of conduct shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association, and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the code of conduct in force from time to time.
- 16.2 It is the duty of each Director to take decisions (and exercise his/her other powers and responsibilities as a Director) in such a way as he/she considers, in good faith, will be most likely to promote the success of the company and will be in the interests of the company, and irrespective of office, post, engagement or other connection which he/she may have with any other body which may have an interest in the matter in question.
- 16.3 Without prejudice to 16.2 above, each of the Directors shall have a duty, in exercising functions as a charity trustee, to act in the interests of the company; and in particular, must:
- 16.3.1 seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;
 - 16.3.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
 - 16.3.3 in circumstances giving rise to the possibility of a conflict of interest between the company and any party responsible for the appointment of a Director
 - 16.3.3.1 put the interests of the company before the other party;
 - 16.3.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the company and refrain from participating in any deliberation or decision of the other Directors with regard to the matter in question;
 - 16.3.4 ensure that the company complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustees Investment (Scotland) Act 2005; and
 - 16.3.5 comply with the rules and/or bye laws prescribed by the board of Directors from time to time, in accordance with article 16.1; for the avoidance of doubt, such rules and/or bye laws shall be supplemental to the provisions relating to the conduct of Directors contained in these Articles, and the relevant provisions of these Articles shall be interpreted and

applied in accordance with the provisions of the rules and/or bye laws in force from time to time.

17 Directors may not delegate

17.1 Subject to Article 18 and to any power of attorney approved by the board, the Directors may not delegate their duties to any other person.

18 Committees

18.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

18.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

DECISION MAKING BY DIRECTORS

19 Directors to take decisions collectively

19.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with article 20.

19.2 If:

19.2.1 the company only has one Director for the time being; and

19.2.2 no provision of the Articles requires it to have more than one Director,

the general rule does not apply, and the Director may (for so long as he remains the sole Director) take decisions without regard to the provisions of articles 19 to 29 inclusive.

20 Unanimous decisions

20.1 A decision of the Directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

20.2 Such a decision may take the form of a resolution in Writing where each Eligible Director has signed one or more copies of it or to which each Eligible Director has otherwise indicated agreement in Writing.

20.3 A decision may not be taken in accordance with this article if the Eligible Directors would not have formed a quorum at such a meeting.

21 Calling a Directors' meeting

21.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the company secretary (if any) to give such notice.

- 21.2 Notice of any Directors' meeting must indicate:
- 21.2.1 its proposed date and time;
 - 21.2.2 where it is to take place; and,
 - 21.2.3 if it is anticipated that Directors Participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 21.3 Notice of a Directors' meeting must be given to each Director, but need not be in Writing.
- 21.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

22 Participation in Directors' meetings

- 22.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting ("Participate") when:
- 22.1.1 the meeting has been called and takes place in accordance with the Articles; and,
 - 22.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 22.2 In determining whether Directors are Participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 22.3 If all the Directors Participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

23 Council observers at meetings of the Directors

The Directors shall allow such people as nominated by the Council to attend and speak (but not vote) at any meeting of the Directors; any such person shall not be entitled to exercise any of the powers of a Director, and shall not be deemed to constitute a Director for the purposes of the Act or any provision of these articles.

24 Quorum for Directors' meetings

- 24.1 At a Directors' meeting, unless a quorum is Participating, no proposal is to be voted on, except a proposal to call another meeting.
- 24.2 The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but where the company has five or more Directors it must never be less than five.
- 24.3 A quorum shall not be deemed to be present at any meeting of the Directors unless there is at least one Council Director and one Independent Director present at that meeting.

- 24.4 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision to call a general meeting so as to enable the Members to appoint further Directors.

25 Chairing of Directors' meetings

- 25.1 The Directors may appoint a Director to chair their meetings.
- 25.2 The person so appointed for the time being is known as the Chairman.
- 25.3 The Directors may terminate the Chairman's appointment at any time.
- 25.4 If the Chairman is not Participating in a Directors' meeting within ten minutes of the time at which it was to start, the Participating Directors must appoint one of themselves to chair it.

26 Casting vote

- 26.1 If the numbers of votes for and against a proposal are equal, the Chairman or other Director chairing the meeting has a casting vote.
- 26.2 Article 26.1 does not apply if, in accordance with the Articles, the Chairman or other Director is not to be counted as Participating in the decision-making process for quorum or voting purposes.

27 Directors' conflicts of interest in transactions or arrangements

- 27.1 If a proposed decision of the Directors is concerned with an existing or proposed transaction or arrangement with the Company in which a Director is interested (whether directly or indirectly), that Director shall disclose the nature and extent of that interest to the other Directors in accordance with sections 177 or 182 of the Act as applicable.
- 27.2 Subject to 27.4, a Director shall not vote at a meeting of Directors or at a meeting of a committee of Directors on any resolution concerning a matter in which he/she has, directly or indirectly, a personal interest or duty (unless immaterial) which conflicts or may conflict with the interests of the company.
- 27.3 For the purposes of 27.1 above:
- 27.3.1 an interest of a person who is taken to be connected with a Director for any purpose of the Act, shall be treated as a personal interest in the Director; and
- 27.3.2 a Director shall (subject to 27.4) be deemed to have a personal interest in relation to a particular matter if a body in relation to which he/she is an employee, Director, member of the management committee, officer or elected representative has an interest in that matter.
- 27.4 A Council Director shall, notwithstanding the provisions of 27.1 and 27.3.2, be entitled to vote in relation to a particular matter notwithstanding that the Council has an interest in that matter; but on the basis that in the exercising their voting rights in respect of any such matter, the Council Directors shall comply with the provisions of article 16.

27.5 A Director will not count towards the quorum of a meeting (or part of a meeting) at which he/she is not entitled to vote.

27.6 The company may (subject to the Charities and Trustees Investment (Scotland) Act 2005) by Ordinary Resolution suspend or relax to any extent, either generally or in relation to any particular matter, the provisions of this article 27.

28 Minutes of meetings

The Directors shall ensure that the company records minutes of proceedings at any Directors' meetings and that such records are kept for at least 10 years from the date of the relevant meeting.

29 Directors' discretion to make further rules

Subject to the Articles, and provided it does not conflict with the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

PART 3 – DECISION-MAKING BY MEMBERS

ORGANISATION OF GENERAL MEETINGS

30 Convening a general meeting

- 30.1 The Directors of the company may call a general meeting of the company.
- 30.2 In accordance with the provisions of the Act, the Members of the company may require the Directors to call a general meeting of the company provided the request is made by Members representing at least 5% of the total voting rights of all the Members having a right to vote at general meetings.
- 30.3 A general meeting must be called by notice of at least 14 Clear Days. It may be called by shorter notice than this if agreed to by a majority in number of Members having a right to attend and vote at the meeting, being a majority who together hold not less than 90% of the total voting rights at that meeting of all the Members.
- 30.4 Notice of a general meeting must be sent to every Member, every Director and the company's auditors (if any).
- 30.5 A notice of a general meeting must include:
- 30.5.1 the time, date and place of the meeting;
 - 30.5.2 the general nature of the business to be dealt with at the meeting; and,
 - 30.5.3 notification of the Member's right to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at a meeting as set out in section 324 of the Act.

31 Attendance and speaking at general meetings

- 31.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 31.2 A person is able to exercise the right to vote at a general meeting when:
- 31.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and,
 - 31.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 31.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 31.4 In determining attendance at a general meeting, it is immaterial whether any two or more Members attending it are in the same place as each other.

- 31.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

32 Quorum for general meetings

- 32.1 No business other than the appointment of the Chairman of the Meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.
- 32.2 If and for so long as the company has only one Member, the quorum is one qualifying person. In any other case, the quorum is two qualifying persons subject to section 318(2) of the Act. A "qualifying person" means an individual who is a Member of the company, a corporate representative duly authorised under section 323 of the Act, or a person appointed as a proxy of a Member in relation to a meeting.

33 Chairing general meetings

- 33.1 If the Directors have appointed a Chairman, the Chairman shall chair general meetings if present and willing to do so.
- 33.2 If the Directors have not appointed a Chairman, or if the Chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- 33.2.1 the Directors present; or
- 33.2.2 (if no Directors are present), the meeting,
- must appoint a Director or Member to chair the meeting, and the appointment of the Chairman of the Meeting must be the first business of the meeting.
- 33.3 The person chairing a meeting in accordance with this article is referred to as "the Chairman of the Meeting".

34 Attendance and speaking by Directors and non-Members

- 34.1 Directors may attend and speak at general meetings, whether or not they are Members.
- 34.2 The Chairman of the Meeting may permit other persons who are not Members of the company to attend and speak at a general meeting.

35 Adjournment

- 35.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chairman of the Meeting must adjourn it.
- 35.2 The Chairman of the Meeting may adjourn a general meeting at which a quorum is present if:
- 35.2.1 the meeting consents to an adjournment; or,

- 35.2.2 it appears to the Chairman of the Meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 35.3 The Chairman of the Meeting must adjourn a general meeting if directed to do so by the meeting.
- 35.4 When adjourning a general meeting, the Chairman of the Meeting must:
- 35.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and,
- 35.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 35.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 Clear Days' notice of it:
- 35.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and
- 35.5.2 containing the same information which such notice is required to contain.
- 35.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

36 Voting: general

- 36.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.
- 36.2 On a vote on a resolution on a show of hands:
- 36.2.1 every Member who (being an individual) is present in person shall have one vote;
- 36.2.2 every proxy present who has been duly appointed by one or more Members entitled to vote on the resolution shall have one vote unless article 36.2.4 or article 36.2.5 applies;
- 36.2.3 every Member who (being a corporation) is present by a duly authorised corporate representative shall have one vote;
- 36.2.4 a proxy has one vote for and one vote against the resolution if he has been duly appointed by more than one Member entitled to vote on the resolution and he has been instructed by one or more of those Members to vote for the resolution and by one or more other of those Members to vote against it;

36.2.5 where a proxy has been duly appointed by more than one Member entitled to vote on the resolution and has received concrete instructions to vote in the same way from one or more of those Members and been given a discretion as to how he votes by one or more other of those Members, he may, if he chooses, cast a second vote the other way under the discretionary authority.

36.3 On a vote on a resolution on a poll taken at a meeting, every Member has one vote. On a poll, votes may be given personally or by proxy.

37 Errors and disputes

37.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

37.2 Any such objection must be referred to the Chairman of the Meeting whose decision is final.

38 Poll votes

38.1 A poll on a resolution may be demanded:

38.1.1 in advance of the general meeting where it is to be put to the vote; or,

38.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

38.2 A poll may be demanded by:

38.2.1 the Chairman of the Meeting;

38.2.2 the Directors;

38.2.3 two or more persons having the right to vote on the resolution; or,

38.2.4 a person or persons representing not less than one tenth of the total voting rights of all the Members having the right to vote on the resolution.

38.3 A demand for a poll may be withdrawn if:

38.3.1 the poll has not yet been taken; and,

38.3.2 the Chairman of the Meeting consents to the withdrawal.

38.4 Polls must be taken immediately and in such manner as the Chairman of the Meeting directs.

39 Content of Proxy Notices

39.1 Proxies may only validly be appointed by a notice in Writing (a "Proxy Notice") which:

- 39.1.1 states the name and address of the Member appointing the proxy;
 - 39.1.2 identifies the person appointed to be that Member's proxy and the general meeting in relation to which that person is appointed;
 - 39.1.3 is signed by or on behalf of the Member appointing the proxy, or is authenticated in such manner as the Directors may determine; and,
 - 39.1.4 is either delivered to the company in accordance with the Articles and any instructions contained in or accompanying the notice of the general meeting or the proxy form, or whose delivery is otherwise accepted by the Chairman of the Meeting at his discretion.
- 39.2 The company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 39.3 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 39.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 39.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and,
 - 39.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

40 Delivery of Proxy Notices

- 40.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the company by or on behalf of that person.
- 40.2 An appointment under a Proxy Notice may be revoked by delivering to the company a notice in Writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 40.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 40.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

41 Amendments to resolutions

- 41.1 An Ordinary Resolution to be proposed at a general meeting may be amended by Ordinary Resolution if:
 - 41.1.1 notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before

the meeting is to take place (or such later time as the Chairman of the Meeting may determine; and,

- 41.1.2 the proposed amendment does not, in the reasonable opinion of the Chairman of the Meeting, materially alter the scope of the resolution.
- 41.2 A Special Resolution to be proposed at a general meeting may be amended by Ordinary Resolution, if:
- 41.2.1 the Chairman of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and,
- 41.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 41.3 If the Chairman of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, his error does not invalidate the vote on that resolution.

WRITTEN RESOLUTIONS

42 Written resolutions

The Members may pass any resolution (other than a resolution to remove a Director or auditor before expiry of his term of office) as a written resolution in accordance with Chapter 2 of Part 13 of the Act.

PART 5—ADMINISTRATIVE ARRANGEMENTS

43 Means of communication to be used

- 43.1 Subject to the Articles, anything sent or supplied by or to the company under the Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the company.
- 43.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 43.3 A Director may agree with the company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

44 Winding-up

- 44.1 If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall be paid or transferred to the Council to be applied solely for a charitable purpose or purposes.
- 44.2 To the extent that effect cannot be given to article 44.1 above, the relevant property shall be transferred to another charity to be applied for a charitable purpose or purposes.

DIRECTORS' AND COMPANY SECRETARY'S INDEMNITY AND INSURANCE

45 Indemnity

45.1 Subject to articles 45.2 and 45.3, but without prejudice to any indemnity to which a Director is otherwise entitled:

45.1.1 each Director may be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Director:

45.1.1.1 in the actual or purported execution and/or discharge of his duties (including the duties of a charity trustee) or in relation to them; and

45.1.1.2 in relation to the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act);

including (in each case) any liability incurred by him in defending any civil or criminal proceedings in which judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's or an associated company's affairs; and,

45.1.2 the company may provide any Director with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 45.1.1 and otherwise may take any action to enable any such Director to avoid incurring such expenditure.

45.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law including any provision of the Charities Act.

45.3 This article does not authorise indemnification in respect of any liability incurred by the Director to make payment in respect of the matters set out in article 46.2.

45.4 In this article 45, companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

46 Insurance

46.1 The Directors may arrange for the purchase, from the company's funds, of insurance designed to indemnify the Directors against personal liability in respect of any negligence, default or breach of duty committed by them in their capacity as:

46.1.1 a charity trustee of the company, or

- 46.1.2 Directors or officers carrying on any activities on behalf of the company.
- 46.2 The terms of such insurance must, however, be framed to exclude the provision of any indemnity in respect of any liability incurred by the Director to pay:
- 46.2.1 a fine imposed in criminal proceedings;
 - 46.2.2 a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature;
 - 46.2.3 in respect of representation in any criminal proceedings in which the Director is convicted of an offence arising out of any fraud or dishonesty, or wilful or reckless misconduct, by the Director;
 - 46.2.4 to the company that arises out of any conduct which the Director knew (or must reasonably be assumed to have known) was not in the interests of the company or in the case of which the Director did not care whether it was in the interests of the company or not.
- 46.3 For the purposes of article 46.2, the reference to conviction does not include a conviction:
- 46.3.1 quashed by an order under section 118(1)(b) or 183(1)(c) of the Criminal Procedure (Scotland) Act 1995;
 - 46.3.2 quashed by an order under section 118(1)(c) of that Act and which order has the effect of an acquittal by virtue of section 119(9) of that Act or otherwise;
 - 46.3.3 in relation to which the verdict is set aside by an order under section 183(1)(d) of that Act and which order has the effect of an acquittal by virtue of section 185(9) of that Act or otherwise.

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