

# Physical recreation services in local government



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# The Accounts Commission

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- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance audits to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

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# Summary



The current financial outlook will make it difficult for councils to find the investment needed in local facilities and to sustain services over the longer term.



## Background

**1.** Scottish councils have a legal duty to ensure adequate provision of facilities for recreation and sport.<sup>1</sup> For the purposes of this audit, physical recreation is defined as physical activity that people take for leisure or recreational purposes and includes activities such as walking, swimming, or cycling, as well as competitive sport. Councils are extensively involved in physical recreation through providing services and facilities themselves (including parks and outdoor facilities) and through support for arms-length and external organisations (ALEOs).<sup>2</sup>

**2.** The use of ALEOs involves transferring public funds from the direct control of the council to the ALEO. Council support for ALEOs in the area of physical recreation ranges from payments to leisure trusts which councils have set up to manage some or all of their leisure facilities, to funding for smaller community-led businesses which are often set up by volunteers in response to community need. The arrangements for delivering services, including using ALEOs, vary considerably in terms of size and the types of services provided, and each is expected to take account of local circumstances and the requirements of Best Value.

**3.** In common with other council activities, physical recreation services face increasing financial pressures arising from the recession. There is the prospect of significant reductions in budgets, reduced income from fees and charges, and increasing pressure to do more with less money to make sure services are sustainable.

## Our audit

**4.** We examined how councils organise physical recreation services overall, how much is spent, and the performance and impact of services. As well as facilities and venues, councils and ALEOs also provide a range of sports development activities such as support to local sports clubs; coaching and developing talented performers; or physical education within schools. Our audit did not consider the different types of services in detail and we did not try to compare different models of service delivery or consider which is best. However, we did explore councils' links with ALEOs. Our report includes a number of recommendations to support improvement.

**5.** There are four parts to our report:

- Background – an overview of how physical recreation services are delivered ([Part 1](#))
- Planning and management – how councils plan and manage physical recreation services ([Part 2](#))
- Use of resources – how much is spent and where ([Part 3](#))
- Performance and impact – how services are performing and their impact ([Part 4](#)).

**6.** An outline of our methodology is provided in [Appendix 1](#).

## Key messages

- Regular exercise helps improve both physical and mental health, but less than half of men and only around a third of women in Scotland are taking the recommended amount of exercise each week. Councils have a major role in physical recreation services and are responsible for almost 60 per cent of Scotland's 11,528 sport and recreation facilities.
- Councils have broadened their emphasis from a traditional focus on sport and recreation, to also encouraging more people to take regular exercise through a range of activities such as walking or cycling. There are weaknesses in strategic planning and strategies often lack clearly defined target groups, baseline information (which is needed to set meaningful targets and measure progress) and specific and measurable targets.
- Physical recreation services are provided through a variety of arrangements, including direct council delivery and an increasing use of ALEOs. However, councillors serving on the boards of ALEOs face a potential conflict of interest that limits their scrutiny role.

<sup>1</sup> The Local Government and Planning Act (Scotland) 1982.

<sup>2</sup> Arms-length organisations are normally set up by councils themselves to deliver services on their behalf. Leisure trusts are the most common form of arms-length organisation established to deliver physical recreation services. External organisations are independent organisations that councils may use to provide services, and include community businesses and also the private sector. For the purposes of this report, the private sector is referred to separately and 'arms-length and external organisations' (ALEOs) is used to refer to leisure trusts or community businesses. ALEOs receive regular funding from councils in the form of grants and service fees. Further information on the different types of ALEOs that councils use is available in *Following the public pound*, Audit Scotland, 2006.

- In 2008/09, councils and ALEOs spent around £656 million on physical recreation services. However, the current financial outlook for public spending will make it difficult to find the investment that is needed in local facilities and to sustain service levels and quality over the longer term.
- Councils need to do more to demonstrate whether services are delivering value for money and achieving outcomes. Around a quarter of councils report that they do not collect any performance information other than attendances at swimming pools and leisure centres, and around 60 per cent are not using baseline information about levels of physical activity, which is needed to demonstrate progress.
- Attendances at swimming pools and leisure centres are increasing, and customers are generally satisfied with the quality of facilities and services provided by councils and ALEOs. However, there is a lack of information about the reasons why people do not use services, and councils have limited evidence of the impact their services make on increasing the number of people who are getting enough exercise.

### Key recommendations

Councils should:

- ensure physical recreation strategies contain specific, measurable targets. Performance management arrangements should monitor outcomes and provide reports on the impact services are having on strategic objectives, such as improving the physical and mental health of target groups by helping them get more exercise
- review arrangements to support elected members serving on ALEO boards and ensure councillors are briefed on their roles and responsibilities and how to manage any potential conflict of interest that might arise
- closely monitor the impact of reductions in public spending on plans for investing in leisure facilities and ensure long-term capital investment strategies take account of 'whole-life costs' such as maintenance, refurbishment and the cost of upgrading facilities
- ensure that pricing structures and concessionary schemes are regularly reviewed, and their affordability and impact on participation is considered as part of strategic planning
- ensure performance information is used to compare the cost and quality of physical recreation services with other council areas, to help identify efficiency savings and to help understand the impact of reduced spending on services where this is required

- improve their understanding of which people do not use services and the reasons why. Councils should use this information to set priorities, help develop effective pricing policies, and to target priority groups.



# Part 1. Background



Less than half of men and only around a third of women in Scotland are getting enough exercise.



## Key messages

- People living in Scotland have among some of the highest levels of obesity and coronary heart disease in Western Europe. Regular exercise helps improve both physical and mental health, but less than half of men and only around a third of women in Scotland are taking the recommended amount of exercise each week.
- Councils have a legal duty to ensure adequate provision of facilities for sport and recreation, and are responsible for almost 60 per cent of Scotland's 11,528 sport and recreation facilities.
- Physical recreation services are provided through a variety of arrangements, including direct council delivery and an increasing use of ALEOs.

## Physical activity improves both physical and mental health

- 7.** Physical activity has many social, economic and health benefits. Undertaken regularly, it helps improve both physical and mental health. For example, physical activity improves mental well-being by reducing the risk of anxiety and depression, and can have a positive impact on people suffering from phobias, stress disorders and schizophrenia.<sup>3</sup>
- 8.** The Scottish Government defines the recommended level of physical activity for adults as at least 30 minutes of moderate activity on most days

of the week.<sup>4</sup> However, less than half of men and only around a third of women in Scotland are taking the recommended amount of exercise each week.<sup>5</sup>

**9.** People who are physically active reduce their risk of premature death by 20 to 30 per cent, and of chronic diseases such as coronary heart disease (CHD), stroke and type 2 diabetes by 50 per cent.<sup>6</sup> However, Scotland still has one of the highest death rates from CHD in Western Europe and it remains one of the leading causes of death in Scotland. The incidence of CHD is higher among poorer communities in Scotland.<sup>7</sup>

**10.** Scotland also has one of the highest levels of obesity in Organisation for Economic Co-operation and Development (OECD) countries with over a million adults and over 150,000 children who are obese. Only the USA and Mexico have higher levels. This is predicted to worsen, with adult obesity levels estimated to reach over 40 per cent by 2030. There are also higher levels of obesity among adult women living in poorer communities.<sup>8</sup>

**11.** Treating these types of conditions results in significant costs to the public sector and encouraging more people to take regular exercise can help reduce these costs over the longer term. The Scottish Government estimates that an annual one per cent reduction in the number of inactive people in Scotland could see hospital admissions fall by over 2,000 cases a year, saving the NHS £3.5 million each year.<sup>9</sup>

**12.** One of the Scottish Government's priorities is to encourage people from all groups in society to be more physically active, to help them live longer, healthier lives. This is outlined in two national strategies – *Let's Make Scotland More Active* and *Reaching Higher*, as well as in the Scottish Government's National Performance Framework.<sup>10, 11, 12</sup> These all emphasise that an active, healthy population fosters a more successful country.

**13.** The 2012 London Olympics and the 2014 Commonwealth Games in Glasgow are major opportunities to increase public interest and participation in sport and in physical recreation more generally. Councils have a pivotal role in securing lasting benefits from these events. *The Commonwealth Games legacy plan* for Scotland aims to ensure the games also help make Scotland more active over the longer term.<sup>13</sup>

**14.** In addition to improving health and well-being, physical recreation services can help achieve wider social benefits including better educational attainment, improved confidence and life skills, and stronger communities.<sup>14</sup> Work by sportscotland also highlights examples of how sport and physical activity can contribute to the national outcomes identified in the Scottish Government's National Performance Framework.<sup>15, 16</sup>

3 *Physical Activity and Mental Health: The role of physical activity in promoting well-being and preventing mental health problems*, NHS Health Scotland, 2008.

4 *Let's Make Scotland More Active: A strategy for physical activity*, Scottish Executive, 2003.

5 *The Scottish Health Survey 2008*, Scottish Government, 2009.

6 *At least five a week: Evidence on the impact of physical activity and its relationship to health*, Department of Health, 2004.

7 Information from the Scottish Public Health Observatory Website – Public Health Information for Scotland.

8 *Preventing Overweight and Obesity in Scotland: A route map towards healthy weight*, Scottish Government, 2010.

9 *The economic benefits of a physical activity strategy for Scotland – preliminary analysis*, Scottish Executive, 2002.

10 *Let's Make Scotland More Active: A strategy for physical activity*, Scottish Executive, 2003.

11 *Reaching Higher: Building on the Success of Sport 21*, Scottish Executive, 2007.

12 *Scotland Performs – National Performance Framework*, Scottish Government, 2007.

13 *On your marks... Get set... Go: A games legacy for Scotland*, Scottish Government, 2009.

14 *Sportengland & UKsport: The Value of Sport: Education and Lifelong Learning*, Fred Coalter, 2009.

15 *The Potential of Sport: Maximising sport's contribution to national and local outcomes*, sportscotland, 2008.

16 *Scotland Performs – National Performance Framework*, Scottish Government, 2007.



## Councils are responsible for almost 60 per cent of Scotland's sport and recreation facilities

**15.** Councils have a legal duty to ensure adequate provision of facilities for sport and recreation. The Local Government (Scotland) Act 1982 sets out councils' responsibilities as being to 'ensure that there is adequate provision of facilities for the inhabitants in their area for recreational, sporting, cultural and social activities'. The term 'adequate' is not defined in law but further information is given in the 2003 Scottish Executive guidance for local authorities, which advises councils to find out local people's needs while taking account of national objectives.<sup>17</sup>

**16.** Councils are responsible for almost 60 per cent (or 6,675) of Scotland's 11,528 sport and recreation facilities and generally keep ownership of facilities where services are provided by ALEOs acting on councils' behalf. The remaining 40 per cent (4,853) of facilities are the responsibility of the private sector, community sports clubs or other providers such as the Ministry of Defence and universities (Exhibit 1).

**17.** Physical recreation services include a wide range of indoor and outdoor facilities and activities. Outdoor facilities include golf courses, parks, tennis courts, football pitches, cycle paths and many others. Indoor facilities include swimming pools, gym halls, gymnastics equipment, squash courts, five-a-side football pitches, badminton and basketball courts, and many others. There are over 70 recognised sports governing bodies in Scotland, representing over 50 different sports, and councils decide which sports to prioritise at a local level.<sup>18</sup>

### Exhibit 1

#### Scotland's sport and recreation facilities in 2009

Councils are responsible for almost 60 per cent of the 11,528 sport and recreation facilities across Scotland.



Note: MUGAs – Multi-Use Games Areas.

Source: sportscotland facility planning estimates, 2009

## Councils are increasingly using ALEOs to deliver physical recreation services

**18.** Councils use a variety of arrangements to deliver physical recreation services. These include providing services:

- themselves (often referred to as 'direct' or 'in-house' provision)
- through ALEOs
- through other organisations including the voluntary sector.

## Just under a third of councils provide physical recreation services directly

**19.** At the time of our audit, just under a third of councils provided all their physical recreation services directly to the community (Appendix 3). However, some of these councils have recently reported that they are exploring whether moving away from direct provision and establishing an ALEO could deliver financial benefits that would help manage the impact of the economic downturn.

<sup>17</sup> Implementation of the National Cultural Strategy – Guidance for Scottish Local Authorities, COSLA and Scottish Executive, March 2003.

<sup>18</sup> A performance overview of sport in Scotland, Audit Scotland, April 2008.

### The number of ALEOs has increased by almost 50 per cent in the last decade

**20.** Councils are increasingly using ALEOs to deliver some, or all, of their physical recreation services. The number of ALEOs has increased by almost 50 per cent over the last decade, from 28 in 2000 to 44 in 2010 (Exhibit 2). Twenty-three councils now use a total of 44 ALEOs to deliver physical recreation services, the most recent being Sport Aberdeen which began operating in the Aberdeen City Council area in July 2010 (Appendix 3).

**21.** Councils use two main types of ALEOs:

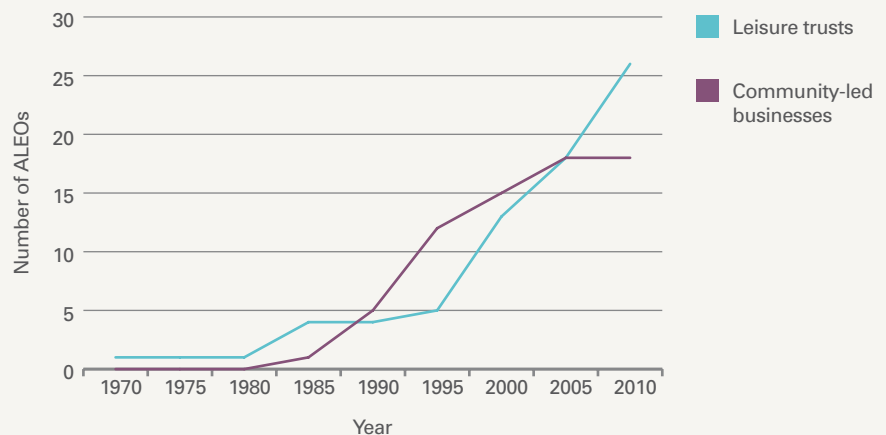
- Leisure trusts – these are mostly established by councils themselves, are companies limited by guarantee and are registered as charities. They generally lease facilities from councils and operate on a not-for-profit basis. There are 26 leisure trusts across Scotland, providing services on behalf of 21 councils.
- Community-led businesses – these mostly run a single facility (for example, a swimming pool), and are typically set up by local volunteers in response to a community need. For example, some community-led businesses have taken over management of existing facilities from the council, and others have built their own to meet a gap in provision (Exhibit 3).

**22.** Across Scotland, there are 18 community-led businesses providing physical recreation facilities within four council areas. Community-led businesses are more common in rural areas, and four councils in Scotland (Scottish Borders, Argyll & Bute, Highland and Aberdeenshire) have community-led businesses running one or more facility. These four councils provide some physical recreation services directly, and two

### Exhibit 2

#### The growth of ALEOs to deliver physical recreation services

The number of ALEOs has increased by almost 50 per cent in the last decade.



Source: Audit Scotland

(Scottish Borders and Highland) also deliver some services through a leisure trust.

**23.** Of the 23 councils using ALEOs, around three-quarters also provide some physical recreation services directly themselves. For example, East Ayrshire Council uses an ALEO to run just one facility – the Kilmarnock Leisure Centre – and provides the rest of its physical recreation services directly. Four councils (North Lanarkshire, Dundee City, Aberdeen City and Highland) each have more than one trust (Appendix 3).

**24.** Where councils have decided to deliver services through an ALEO, the most commonly reported reasons for this were to reduce costs through tax advantages seen as being available to ALEOs (particularly reductions in value-added tax and non-domestic rates) and to attract additional external funding. Other reasons such as aiming to make services more flexible and customer-focused, improving the quality of facilities, and increasing usage, were less common.

### The voluntary sector plays an important role

**25.** The voluntary sector also plays an important role in physical recreation through organising a variety of community-based activities, including sports clubs and coaching. There are an estimated 13,000 sport clubs in Scotland covering 80 different sports.<sup>19</sup> Councils support local clubs and organisations by providing training programmes and help with club development, and, in some cases, identifying new sources of funding.

**26.** Voluntary sector groups also receive funding from councils in the form of grants, or as part of a service level agreement to provide particular services on behalf of the council. For example, the voluntary sector provides community transport for sports facilities and events in almost a third of councils, and healthy living projects are commonly delivered by the voluntary sector on behalf of councils.

### Exhibit 3

#### The community-led business model

Community-led businesses play an important role in delivering physical recreation services.

#### The Berwickshire Recreational Trust was established in 1997 to take over running Duns swimming pool from Scottish Borders Council

In early 1997, the council decided the pool was not financially viable and closed it. Following protests and petitions by local people, a group of volunteers formed a charitable trust with support from local individuals and businesses and took over running the pool in May 1997. In 2003, the trust secured funding from sportscotland for a major upgrade of both the pool and its plant room. The cost of running the pool in 2008/09 was £160,000, and the council provided a grant of £41,000 towards this.

#### Oban and Lorn Community Enterprise Ltd was established in 1991 and manages the Atlantis Leisure facility in Argyll & Bute

In 1991, members of the local business community identified an opportunity to improve sports facilities in their local area. This involved developing new facilities linked to the tennis club and swimming pool which were situated on council-owned land. At the time, the council was not in a position to develop new facilities or to improve the existing swimming pool, which was in need of repair.

Oban and Lorn Community Enterprise raised funding from several sources. It developed a business plan and reached an agreement with the council that involved the community-led business taking over and running the local swimming pool, although the council still owned the buildings. The Atlantis Leisure facility has since been expanded and now includes a sports hall, squash courts, tennis courts, dance studio, gym, climbing wall and café. The cost of running the facilities in 2008/09 was £887,000, and the council provided a grant of £358,000 towards this.

Source: Audit Scotland

# Part 2. Planning and management



Councils are focusing on getting more people to take enough exercise, but need to improve how they set targets and monitor progress.



## Key messages

- Councils have broadened their emphasis from a traditional focus on sport and recreation, to encouraging more people to take regular exercise through a range of activities, such as walking or cycling. However, there are weaknesses in strategic planning, and strategies often lack clearly defined target groups, baseline information (which is needed to set meaningful targets and measure progress) and specific and measurable targets.
- Councils are working in partnership with the NHS to help people become more active and improve their health. There is scope for partnership working to be strengthened beyond the NHS, and councils could develop better links with the private sector where appropriate.
- There is limited scrutiny of financial or service performance by council committees. A lack of robust information about progress against strategic objectives and the cost and quality of services, means that council committees are unable to scrutinise the impact of these services or whether they are delivering value for money.
- Councillors serving on the management boards of arms-length organisations face potential conflicts of interest which can limit their ability to perform an effective scrutiny role or hold ALEOs to account for their use of public funds.

## Councils have broadened their focus from sport to also encouraging wider participation in physical activity

**27.** National priorities for physical recreation services are set out in two key strategies – *Reaching Higher* and *Let's Make Scotland More Active*.<sup>20, 21</sup> *Reaching Higher* aims to increase participation and improve performance in sport. *Let's Make Scotland More Active* sets out targets for raising levels of physical activity among the general population, and in specific groups such as adults aged 65 and over.

**28.** Since publication of *Let's Make Scotland More Active* in 2003, councils have moved from a traditional focus on sport and recreation, to also encouraging more people to take regular exercise through a wider range of activities, such as walking or cycling.

## There are weaknesses in strategic planning

**29.** At the time of our audit, 27 councils had physical recreation strategies in place and in most cases there was a single strategy covering both sport and physical activity. In the remaining five councils – Perth and Kinross, Clackmannanshire, Stirling, South Ayrshire and Inverclyde, strategies were still being developed.

**30.** Effective strategies should set out what councils aim to achieve over the short, medium and long term; provide objectives and targets to measure progress; and establish a clear framework for planning and budgeting. Strategic priorities need to be informed by an understanding of local needs, and supported by robust action plans that set out how objectives and outcomes will be achieved.

**31.** Our audit found that council strategies all focus on raising levels of physical activity in line with national targets. However, of the 27 strategies in place, we found that:

- two-thirds lack baseline information about local levels of physical activity. Baselines establish an historical starting point which allows councils to see trends and set meaningful local targets
- around 60 per cent have no clearly defined short, medium or long-term targets
- just over 40 per cent do not identify specific target groups, eg young people aged 16–25.

**32.** Within the 16 strategies that identify target groups, these groups are often broad and can include almost the whole population, for example women, children and older people, which can result in a lack of clarity about priorities. The most significant health gains can often be achieved by targeting the least active people, and specific and clearly defined priority groups can help councils achieve their strategic aims.<sup>22</sup>

**33.** To help identify target groups, strategies should also take account of projected changes to communities. This would allow councils to anticipate changing patterns of demand for services, such as an increase in older people, changes to the number of people in poorer communities and the increasing difficulties in encouraging children to stay physically active. In 17 of the 27 strategies, this type of information was available but could be used more effectively to help select more defined target groups.

20 *Reaching Higher: Building on the Success of Sport 21*, Scottish Executive, 2007.

21 *Let's Make Scotland More Active: A strategy for physical activity*, Scottish Executive, 2003.

22 Ibid.



**34.** The strategies we examined are supported by one or more action plans. However, in 12 councils the links between strategies and action plans are not clear. Multiple action plans focus on raising levels of physical activity in general, but do not set out how they will support the specific aims and objectives of the strategy. In around half of these councils, action plans lack specific timescales or performance indicators, making it difficult for councils to measure progress.

### **Councils are working in partnership with the NHS to help people become more active and improve their health**

**35.** Single Outcome Agreements (SOAs) are one of the main frameworks for partnership working in Scotland. SOAs are agreements between the Scottish Government and community planning partnerships which set out how councils and their partners will work together to support the delivery of the Government's 15 national outcomes, while taking account of local needs.<sup>23</sup>

**36.** One of the Scottish Government's 15 national outcomes is that 'we live longer, healthier lives'.<sup>24</sup> Twenty-three of the 32 SOAs include a focus on raising levels of physical activity to help achieve this outcome, for example through encouraging children to be more active or increasing attendances at leisure centres. However, only 40 per cent of councils are using baseline information about the overall levels of physical activity in their area, either within the SOA itself or the physical recreation strategies and plans that help to deliver the SOA. This means that councils and their partners are not able to fully understand local trends; identify what rate of improvement is needed to meet the Scottish Government's national targets for physical activity;

or set meaningful local targets and monitor progress towards them.

**37.** Historically, joint working on physical activity has been developed through community planning arrangements and 75 per cent of councils have a community planning group with a responsibility for physical activity. The NHS is the most common partner contributing to these groups, with around 70 per cent of councils reporting NHS involvement.

**38.** In most councils, there are good links between physical recreation strategies and planning for wider health improvement – more than 80 per cent of action plans identify joint responsibilities for both the council and NHS, and there are some clear examples of how this translates into joint service delivery, including joint delivery with ALEOs (Exhibit 4).

**39.** There is scope for partnership working to be strengthened beyond the NHS. Although there are good links between councils' physical recreation strategies and wider health plans, links to other strategies and plans that can help promote physical activity are less evident. For example, 60 per cent of physical recreation strategies are not linked to transport strategies. This can result in missed opportunities to ensure that the local transport infrastructure supports cycling, walking and other forms of active travel.

### **Councils could develop better links with the private sector in some areas**

**40.** Councils and ALEOs often view facilities and services provided by the private sector as being in direct competition with their own. As a result, few councils engage with the private sector as part of their approach to partnership working. However, there are potential benefits to closer working with the private sector,

including a broader understanding of who is using different types of services, more clearly defined target groups and more effective marketing strategies. In some circumstances, partnerships with the private sector may also be a cost-effective way of providing particular services or facilities.

**41.** At the time of our audit only three councils (all of which are more rural) reported that they made use of private gym or swimming facilities to provide services to local communities.<sup>25</sup> For example, Highland Council addressed a lack of local swimming facilities for residents in the Badenoch and Strathspey area, through working in partnership with the private sector. Local residents can now use the Macdonald Highland Resort in Aviemore, where the swimming pool is supported by the council through grant aid.

### **Most councils providing services directly lack awareness of the local market**

**42.** Most councils providing services directly lack good-quality marketing information about local physical recreation services. This includes the demand for current services, the potential demand for new types of services and how much people might be willing and able to pay for services. Better-quality data would help councils to understand the needs of their local communities, and to target the provision of suitable services more effectively.

**43.** ALEOs are more likely to be market-driven and generally have a better understanding of the market. We looked at three of Scotland's largest leisure trusts (Edinburgh Leisure, Culture & Sport Glasgow and South Lanarkshire Leisure) and found that they all closely analysed their competition before establishing their membership schemes, and

<sup>23</sup> SOA – guidance for Community Planning Partners, Scottish Government and COSLA, October, 2008.

<sup>24</sup> Scotland Performs – National Performance Framework, Scottish Government, 2007.

<sup>25</sup> Aberdeenshire Council, Highland Council, The Moray Council.

continue to track local competitors. Each of the three leisure trusts has a clear marketing strategy which includes targeted campaigns to promote services and facilities. Through investing in collecting market intelligence as part of their core business activity, they have responded to changes in the market by offering facilities such as 'buy now, pay later' deals and free trials at specific facilities.

### There is limited scrutiny of financial or service performance by council committees

44. All councils have a specified committee with responsibility for physical recreation. The council cabinet or executive committee has responsibility for physical recreation in six councils – these are typically the forums where major council policy objectives and priorities are developed. The other 26 councils deal with physical recreation services through service committees, generally alongside larger services such as housing, education and social work. The wide range of service activities covered by both these types of committee arrangements provides limited scope to consider physical recreation. During 2009:

- only nine per cent of the relevant committees' agenda items related to sport or physical activity
- only two council committees had standing agenda items for sport and physical activity (Aberdeen City and Edinburgh)
- in 12 committees, no service performance information was provided. This included no information about the two relevant statutory performance indicators<sup>26</sup>

## Exhibit 4

### Partnership working with the NHS

Councils and ALEOs are working with the NHS to promote physical activity and improve health.

#### North Ayrshire Leisure

In 2008, North Ayrshire Leisure entered into a joint initiative with the North Ayrshire Community Planning Partnership establishing a mobile health and physical activity unit, the Activator, which includes an information area and two private consulting rooms.<sup>1</sup> Staff carry out health checks and fitness testing, and provide advice on becoming more active to people living in North Ayrshire. Services are targeted towards those communities that are the hardest to reach and most in need. Joint working is a key feature of this arrangement, involving a range of services from NHS Ayrshire and Arran including help to stop smoking, oral health, and healthy eating through community dieticians. During 2009/10, 4,954 health checks were delivered through the Activator with a further 13,000 people receiving health information and advice or taking part in Activator activities.

#### Falkirk Council

In 2002, Falkirk Council established an exercise referral scheme for the Falkirk district designed to increase levels of physical activity and promote healthier lifestyles. Working with NHS Forth Valley, the scheme allows GPs, physiotherapists and other health professionals to refer people who have a range of medical conditions, such as obesity or high blood pressure, to take part in a structured 12-week physical activity programme organised by the council. In 2006, the scheme expanded under the title of Active Forth to involve more leisure centres and GP practices and to take referrals from more sources. In 2007/08, there were 13,924 admissions to the scheme and this had risen to 23,464 by 2009/10.

#### Culture and Sport Glasgow

The Vitality programme was established by Culture and Sport Glasgow in January 2009 in partnership with NHS Greater Glasgow and Clyde.<sup>2</sup> The programme is made up of four classes that support adults with long-term health conditions to build and maintain their strength, coordination, endurance and flexibility. The classes focus on each person's physical abilities, and exercises are tailored and adapted to accommodate their medical condition(s). People can access classes through NHS rehabilitation programmes, their GP or directly themselves. There were 16,416 attendances to the programme in its first year, and more classes are being established due to demand.

#### Notes:

1. North Ayrshire Leisure was established in January 2000 by North Ayrshire Council to provide sport and leisure services for the community of North Ayrshire and visitors to the area.
2. Culture and Sport Glasgow was established on 1 April 2007 by Glasgow City Council to provide museums, art galleries, libraries, sports, leisure and community facilities on its behalf. In June 2010, the organisation changed its name to Glasgow Life.

Source: Audit Scotland

26 Two statutory performance indicators relate to physical recreation services: number of attendances per 1,000 population for all swimming pools and number of attendances per 1,000 population for indoor sports and leisure facilities excluding pools in a combined complex. Councils are required to publish these figures annually as part of their public performance reporting duty under Best Value.

- only three committees (in South Lanarkshire, Argyll & Bute and Falkirk) received reports on progress towards their sports or physical activity strategic objectives
- there was limited coverage of financial performance information, such as results against income targets, or comparison of costs with other providers.

**45.** The lack of robust information about progress against strategic objectives, or the cost and quality of services, means that council committees are unable to fully scrutinise the impact services are having or whether they are delivering value for money.

**46.** Where ALEOs are responsible for delivering services, the arrangements for reporting to council committees vary depending on local circumstances, such as the size and types of services provided. North Lanarkshire Council provides an example of clear reporting arrangements for leisure trusts (Exhibit 5).

### **Councillors serving on ALEO boards face a potential conflict of interest**

**47.** Where services are delivered through an ALEO, councils will typically provide funding to the organisation and have representation on its management board, usually through councillors becoming members of the board or company directors. This recognises the importance of the council's community leadership role, but is also seen as providing an opportunity for council representatives to ensure the ALEO is being properly run and that council funds are being used effectively. This is consistent

## **Exhibit 5**

### **North Lanarkshire Council**

The council has clear performance-reporting arrangements in place for its two leisure trusts.

North Lanarkshire Council has established two leisure trusts – North Lanarkshire Leisure and the Timecapsule Monklands. Performance information on both these organisations is reported quarterly to the Leisure and Learning Services Committee which includes elected members.

Regular performance information provided to the committee includes:

- customer income and usage figures by individual facility
- statutory performance indicators per quarter, including an annual total to date
- customer feedback broken down by individual facility
- detailed sickness absence data for leisure trust staff, broken down by quarter and compared against a three-year trend
- the uptake of gym memberships and subscriptions to health and fitness programmes.

The range of performance measures reported to the committee means that elected members sitting on the committee are kept informed about how both leisure trusts are performing. This helps members to identify and challenge poor performance in these areas, as they are provided with up to date information on a regular basis.

The council is also developing an outcome agreement with its main leisure trust to help deliver the outcomes of the North Lanarkshire sport and physical activity framework and single outcome agreement.

Source: Audit Scotland

with the principle of 'following the public pound' and the Accounts Commission/COSLA code of guidance that supports this.<sup>27</sup>

**48.** However, ALEOs are generally set up as companies, usually a company limited by guarantee, and as organisations with charitable status which means they become subject to certain legislation. This includes the Companies Acts of 1989 and 2006

which place personal responsibilities on members of the board of a company, including any councillors nominated by the council who act as directors.<sup>28, 29</sup> These responsibilities include, for example, always acting in the interests of the company and abiding by commercial confidentiality. The legislation was not framed specifically for the circumstances of ALEOs and councillors, but it still applies and can create a potential

<sup>27</sup> Code of guidance on funding external bodies and following the public pound, Accounts Commission and COSLA, 1996.

<sup>28</sup> Companies Act, 1989.

<sup>29</sup> Companies Act, 2006.

conflict of interest for councils and their elected members. There could be occasions where maintaining commercial confidentiality might compromise the security of council funding, or a councillor might feel torn between the interests of the ALEO and the needs of the communities that he or she was elected to represent.

**49.** Council officers and elected members are expected to understand and be clear about their roles and responsibilities, both to the council and the external body, so that good governance and accountability are maintained. The Accounts Commission/COSLA Code of Guidance recommends that councils provide elected members who become members of ALEO boards with support and advice, so that any conflicts that arise can be managed effectively.

**50.** The number of elected members sitting on the boards of ALEOs involved in physical recreation services varies, and reflects the size of the organisation itself. For example, elected members account for five out of 11 board members at Inverclyde Leisure, four out of 12 in South Lanarkshire Leisure, and three out of seven in Moray Leisure. In almost all cases elected members occupy a minority of seats on the board, although the numbers and proportions are significant.

**51.** Our audit did not examine how the relationships work in these cases, but other audit work we have conducted recently found that many councillors consider they are on an external board such as an ALEO to represent the council and its best interests. This suggests they may not

be clear about the full scope of the role, such as the legal responsibilities attached to being a member of a company board; other councillors were unsure about what was expected of them when they were first appointed to an ALEO.<sup>30</sup>

**52.** Most scrutiny of ALEOs takes place through regular performance meetings between council officers and nominated personnel from the ALEO. These take place on average every two months and include discussion on business plans, financial plans and service performance. However, in many cases limited performance information is reported back to the appropriate council committee. For example, in the ten councils where the majority of physical recreation services are provided by an ALEO, half of the nominated council committees receive service performance information limited to the two statutory performance indicators.

**53.** These arrangements limit the extent to which elected members on council committees are able to fulfil their scrutiny role, or make informed decisions about key issues such as levels of funding and whether the ALEO is meeting strategic objectives. It is important that councils ensure they can hold ALEOs to account for financial and service delivery performance. The second report in our 'How councils work' improvement series for councillors and officers, currently planned for publication in 2011, will draw upon our Best Value audits and other audit work and explore a number of issues relating to ALEOs in more detail.

## Recommendations

Councils should:

- ensure physical recreation strategies contain specific, measurable targets. Performance management arrangements should monitor outcomes and provide reports on the impact services are having on strategic objectives, such as improving the physical and mental health of target groups by helping them get more exercise
- develop links with a wider range of partners to help take forward physical recreation strategies, for example by ensuring the local transport infrastructure supports walking, cycling and other active forms of travel
- develop better links with the private sector, where appropriate, to explore its potential to provide services that help councils meet their strategic aims
- improve their awareness of, and intelligence on, the local market relating to physical recreation, including pricing and the scope and quality of provision
- review arrangements to support elected members serving on ALEO boards and ensure councillors are briefed on their roles and responsibilities and how to manage any potential conflict of interest that might arise.



# Part 3. Use of resources



In 2008/09, councils and arms-length and external organisations (ALEOs) spent around £656 million on physical recreation services.





## Key messages

- In 2008/09, councils and ALEOs spent around £656 million on physical recreation services. Over the five years up to 2008/09, spending increased at a lower rate than most other council services, indicating that local government priorities or pressures may lie elsewhere. While 2008/09 saw some signs of budgetary pressures, the full impact of the recession on physical recreation services is not yet clear.
- Despite recent increases in capital investment, many indoor facilities are still in poor condition. The current financial outlook for public spending will make it difficult to find the investment that is needed in local facilities and to sustain service levels and quality over the longer term.
- Councils need to do more to demonstrate whether services are delivering value for money and achieving outcomes. Around a quarter of councils report that they do not collect any performance information other than attendances at swimming pools and leisure centres, and around 60 per cent are not using baseline information about levels of physical activity.
- Income from sales, rents, fees and charges for physical recreation services has not increased greatly in recent years, and varies significantly across councils. Pricing policy is not sufficiently linked to longer-term strategies and there is little evidence that concession schemes are assessed for their success in increasing participation by particular groups.

- Some ALEOs depend on council funds for a high proportion of their income and will find it harder to manage the impact of future reductions in public funds.

### Spending on physical recreation services totalled £656 million in 2008/09

**54.** Physical recreation services are funded from a range of sources.

They receive funding from local government, but can also generate income by charging customers for:

- goods (for example, through cafes and sportswear shops)
- services (such as coaching or classes)
- the use of facilities (including gyms, pools or golf courses).

**55.** Other sources of income include sales of land or property, fees (for example, rental of premises) and external funding (including grants and private sector sponsorship). In 2008/09, councils and ALEOs collectively spent around £656 million on physical recreation services. This comprised £133 million (20 per cent) capital spending and £523 million (80 per cent) revenue spending.<sup>31</sup>

**56.** Of the £523 million revenue spending, £177 million came from funds raised by sales, fees, rents and charges. The remaining £346 million included £72 million that councils provided to ALEOs to deliver services on their behalf, and was made up of:

- £161 million on sports facilities including golf courses and swimming pools
- £158 million on community parks and open spaces
- £27 million on countryside recreation and management.

### Spending on physical recreation has increased at a lower rate than most other council services

**57.** In 2008/09, spending on physical recreation services (excluding income) totalled £346 million. This is equal to 2.4 per cent of total net revenue spending on local government services in the same year, which was £14.3 billion.

**58.** In the five years between 2004/05 and 2008/09, spending on local government services grew by 8.2 per cent in real terms. However, over this period, spending on physical recreation services grew by 4.0 per cent, compared with social work (18.6 per cent), housing (7.3 per cent), and education (6.2 per cent), which indicates that local government priorities and pressures may lie elsewhere ([Exhibit 6, overleaf](#)).

**59.** The impact of the economic recession on council finances and services is becoming clearer and in 2008/09 there were already signs of budgetary pressure in demand-led services, such as social work and economic development.<sup>32</sup> As financial constraints increase, councils will need to ensure they have enough information to assess whether services are delivering value for money, and find more creative and cost-effective ways to deliver services while maintaining their focus on increasing levels of physical activity.

### Councils need to take a more strategic approach to investing in facilities

**60.** Despite recent capital investment many indoor facilities remain in poor condition, and councils do not always consider services' property requirements over the longer term. Council physical recreation services will experience a demand for regular investment in facilities and assets, especially if there is a desire to compete with the private sector. Councils will need to take a more strategic approach to investment in facilities if they are to ensure the most efficient use of resources and that services are sustainable over the longer term.

**61.** In the three years between 2006/07 and 2008/09, capital expenditure on physical recreation services totalled £331 million.<sup>33</sup> This represents a 55 per cent cash increase over three years, from £86 million in 2006/07 to £133 million in 2008/09. Around 18 per cent (£58.5 million) of the total spent between 2006/07 and 2008/09 represents capital expenditure on venues that will support the Commonwealth Games in 2014 and the Lanarkshire Children's Games in 2011.<sup>34, 35</sup> The remaining £272.5 million reflects the increased investment in new and upgraded facilities in other council areas in recent years. For example, in 2008/09 eight councils each spent in excess of £5 million on new or upgraded sports and leisure facilities.

**62.** An audit commissioned by sportscotland in 2006 found that nearly half of Scotland's indoor sports and leisure facilities were constructed in the 1970s and 1980s, with many of these being built to

design specifications and construction standards which are no longer considered acceptable.<sup>36</sup> The report estimated the cost of upgrading all indoor facilities over a 25-year period to be around £78 million each year.

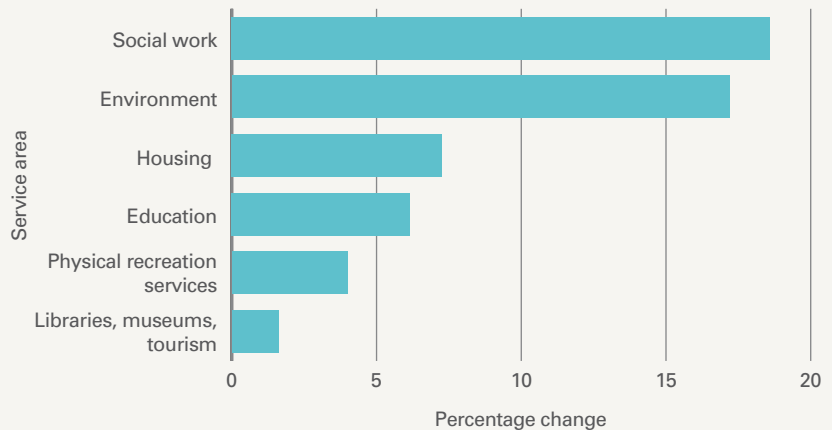
**63.** Between 2006 and 2009, the overall number of council-owned facilities fell by 4.5 per cent, from 6,975 to 6,675.<sup>37</sup> Data from sportscotland suggest that councils have been closing older, single-use facilities and replacing them with more flexible multi-purpose centres. For example, the numbers of netball and tennis courts have decreased by 71 per cent and 25 per cent respectively over the last three years, while the number of multi-use courts increased by 47 per cent.

**64.** Despite councils' recent investment in new and upgraded facilities, around a quarter of council-owned swimming pools and leisure centres remained in a poor condition in 2009.<sup>38</sup> The current economic downturn and future reductions in public sector funding will make it increasingly difficult for councils to maintain recent levels of spending on facilities. Councils need to develop a long-term capital investment strategy for physical recreation services, linked to their service aims. This should include ensuring that 'whole-life costs' such as maintenance, refurbishment and the cost of upgrading facilities are taken into account in financial planning.<sup>39</sup> However, other audit work we have conducted found that only a third of councils attempted to map

### Exhibit 6

Growth in local government net revenue spending between 2004/05 and 2008/09<sup>1</sup>

Spending on physical recreation services grew by four per cent between 2004/05 and 2008/09.



Note: 1. Figures for roads and transport have been excluded. They do not provide a like-for-like comparison, as expenditure reduced significantly from 2006/07 when the concessionary fares scheme (to the value of around £100 million) moved from local government to central government.

Source: Scottish Government Local Financial Statistics 2004/05–2008/09

<sup>33</sup> Scottish Local Government Financial Statistics, 2006/07–2008/09, Scottish Government, 2009.  
<sup>34</sup> Report to the Finance and Audit Scrutiny Committee, Glasgow City Council, December 2009.  
<sup>35</sup> Report to the Policy and Resources Committee, North Lanarkshire Council, November 2007.  
<sup>36</sup> National Audit of Scotland's Sports Facilities, sportscotland, 2006.  
<sup>37</sup> sportscotland facility planning estimates, 2009.  
<sup>38</sup> Asset management in local government, Audit Scotland, May 2009.  
<sup>39</sup> Ibid.

out services' property requirements more than five years ahead. If longer-term requirements are not mapped out, capital planning will become difficult, with the risk that it could lead to inefficient use of resources.<sup>40</sup>

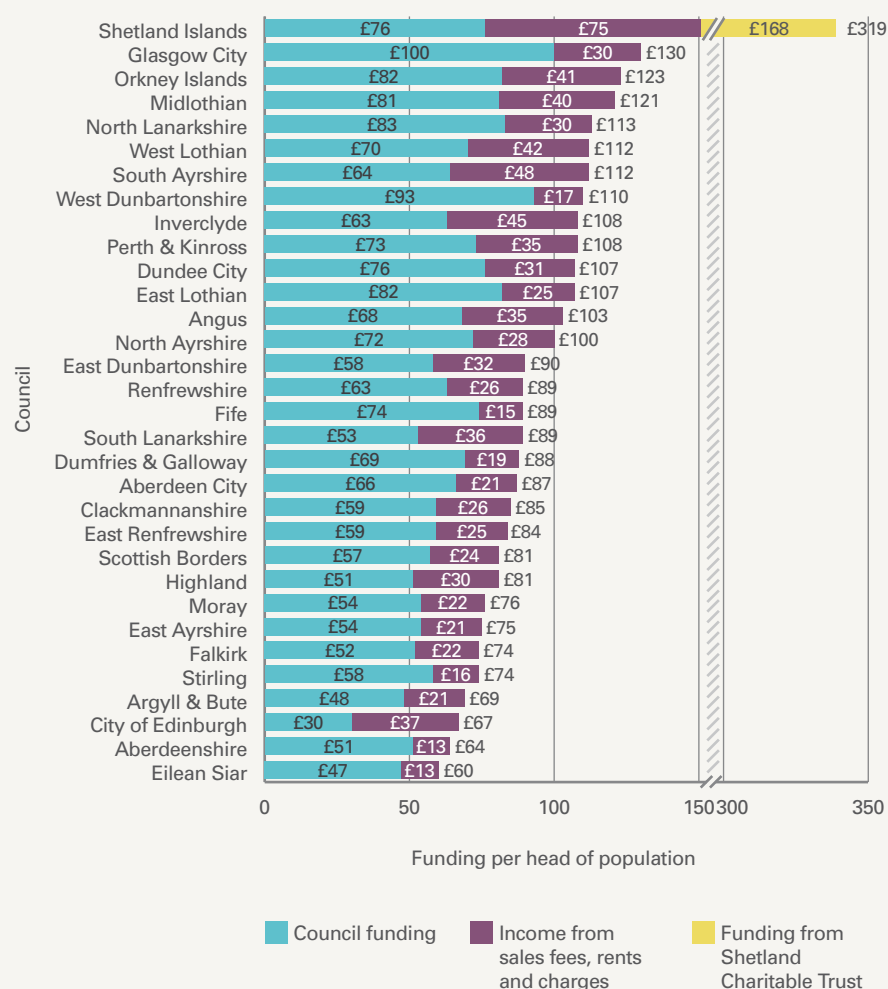
### Councils need to do more to demonstrate whether services are delivering value for money and achieving outcomes

65. Across Scotland, there are significant variations in the total amount councils spend on physical recreation services (ie, including income). In 2008/09, this ranged from £60 per head of population in Eilean Siar and £64 in Aberdeenshire, to £130 in Glasgow (Exhibit 7).<sup>41</sup> The balance between income and expenditure varies considerably, and gives an indication of how much of the service cost is met by the council, and how much is met by customers paying for goods or services (and through other commercial activities, such as renting premises).

66. Councils need a better understanding of how the money spent on physical recreation services is helping to achieve their strategic aim of getting people more active, if they are to ensure services are delivering value for money. This needs to be underpinned by a fuller understanding of the links between activity, costs, quality and outcomes. Information made available to council committees needs to enable them to assess whether services are delivering value for money, so they can fulfil their scrutiny role and make informed decisions about future spending. This is particularly important in the current economic climate, when councils need to identify the most cost-effective ways of getting people more physically active and use this information to prioritise spending and ensure services are sustainable over the longer term.

### Exhibit 7

Funding for physical recreation services per head of population by council<sup>1</sup>  
There are significant variations in funding per head of population across councils in Scotland.



#### Notes:

- Grant income has been excluded from the analysis as it makes up a relatively small proportion of overall expenditure (six per cent on average) and can vary significantly from year-to-year.
- Physical recreation services in Shetland benefit from funds that come from the Shetland Charitable Trust. The Trust was established in 1976 and received money from the oil industry up until the year 2000, in the form a disturbance payment recognising the considerable industry based in and around the islands. The Trust now raises money from a variety of sources and continues to fund a range of cultural, leisure, social and environment activities in Shetland.

Source: Audit Scotland

40 *Asset management in local government*, Audit Scotland, May 2009.

41 Shetlands Islands Council is not included in this range, due to the particular funding arrangements that are in place. Details are provided at Exhibit 7, above.

**67.** The total amount councils spend on physical recreation services, and the balance between income and expenditure, is mostly influenced by:

- the relative priority the council places on providing physical recreation services
- the types of facilities provided and the differing costs of running them
- the development of commercial income streams
- local pricing policy and the number of people using facilities.

**68.** These factors are interrelated, and as not all councils collect information about the costs of individual facilities, subsidy per visit, attendance levels per facility, or outcomes such as levels of physical activity, it is not possible to make detailed comparisons across Scotland.

**69.** Around a quarter of councils reported that they do not collect any information other than the two statutory performance indicators for physical recreation services – attendances at swimming pools and attendances at leisure centres.<sup>42</sup> In addition, 60 per cent of councils are not using baseline information about levels of physical activity in their area and fewer than twenty per cent collect information about participation rates for their priority groups. This means that they are unable to assess the impact services are having in helping to achieve their strategic aims, or compare costs and outcomes with other council areas to assess whether services are delivering value for money.

### **Income from sales, fees, rents and charges has not increased greatly in recent years**

**70.** In 2008/09, councils' and ALEOs' physical recreation services generated a total of £177 million in income. Of this, £146 million (82 per cent) came from sales, fees, rents and charges. The balance of £31 million (18 per cent) came from ring-fenced government grants, and other public or voluntary sector grants.

**71.** In the three years from 2006/07 to 2008/09, total income increased in real terms by five per cent, from £169 million to £177 million. During this period, grant funding increased by 17 per cent from £26.4 million to £31 million, while income from charges increased by only two per cent from £142.7 million to £146 million. It is not yet clear what impact the recession will have on levels of income over the coming years.

### **Income from physical recreation services is influenced by a range of factors**

**72.** The amount of income generated by physical recreation services varies significantly across Scotland and is influenced by a range of factors:

- **The types of facilities provided** are a major factor in determining cost. For example, swimming pools and ice-rinks have higher running costs than sports halls and gyms. The balance between the cost of running a facility, the admission price that can be charged, and the number of people using them, results in significant variations in the amount of council funding needed to run the service. Golf courses, for example, generate a comparatively high fee per visit compared to leisure centres. South Ayrshire Council has nine public golf courses, while Aberdeenshire

Council has none. In 2008/09, South Ayrshire generated the second highest income per head of population across Scotland. This totalled £3.2 million in income from charges, of which £1.7 million or 53 per cent was income from golf alone.

- **The development of commercial income streams**, such as shops, cafes and venue-hire, can also have a significant influence on total income. In 2008/09, more than £9 million was generated through commercial income streams. For example, Falkirk Council generated £414,000 from cafeteria sales, which accounted for around 15 per cent of its overall income. In the same year, the Timecapsule Monklands (North Lanarkshire Council) generated 19 per cent of its income (£720,000) from catering, events, room hire and sportswear sales.
- **Local pricing policies** and what councils and ALEOs charge customers to use facilities vary significantly. For example, the cost of a standard adult swim ranges from £2.10 in South Ayrshire, to £4.40 in Perth and Kinross (Exhibit 8).

### **Pricing policy is not sufficiently linked to longer-term strategy**

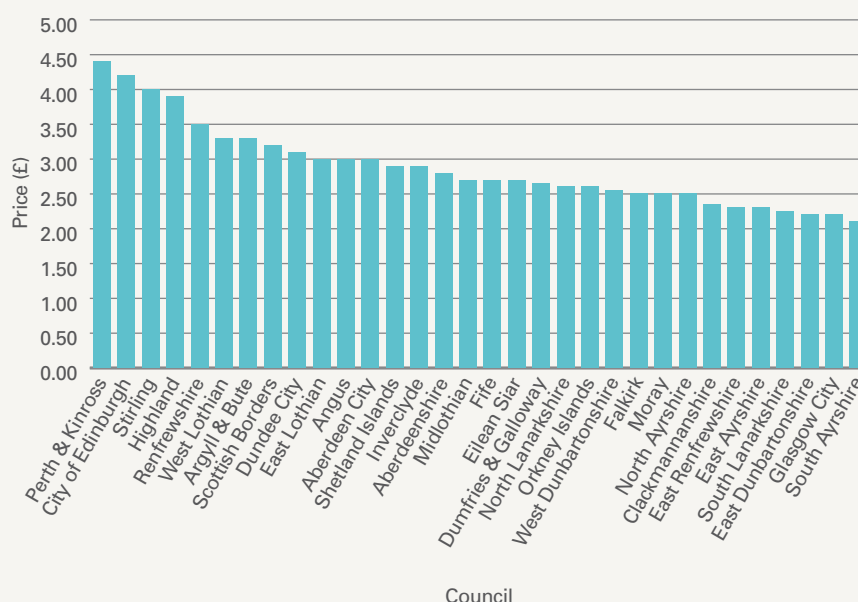
**73.** In policy and strategy documents, both councils and ALEOs place an emphasis on meeting social objectives (for example, targeting low income groups) and all provide an extensive range of concessionary schemes intended to reduce financial barriers to participation. However, we found little evidence that councils or ALEOs regularly consider the affordability of their schemes, how they link to financial strategies, or their success in increasing participation by particular groups over the longer term.

<sup>42</sup> Two statutory performance indicators relate to physical recreation services: number of attendances per 1,000 population for all swimming pools and number of attendances per 1,000 population for indoor sports and leisure facilities excluding pools in a combined complex. Councils are required to publish these figures annually as part of their public performance reporting duty under Best Value.

## Exhibit 8

### Swimming charges per person, per hour (conventional pool)

There are significant variations in the cost of an adult swimming session across Scotland.



Source: *Charges for Sports Facilities Scotland 2008/09*, sportscotland, December 2008

**74.** Under Best Value, councils are required to review services regularly, including service charges, to ensure an appropriate balance between their cost and quality and what they are intended to achieve.<sup>43</sup> This process is also key to delivering continuous improvement. However, at the time of our audit, just over 40 per cent of councils reported they had not carried out a comprehensive review of their physical recreation services within the last three years.

**75.** Where ALEOs are in place, some councils have retained control over pricing policy, and others have devolved this to the ALEOs. We did not collect detailed information about how councils ensure prices

set by ALEOs help achieve strategic aims. However, where scrutiny arrangements are weak or Best Value service reviews are not conducted regularly, there is a risk that ALEOs' pricing policies will not fully support the council's objectives.

### Some ALEOs will find it harder to manage any future reductions in council funding

#### Increasing amounts of public money are being routed through ALEOs

**76.** Part 1 of this report outlined councils' increasing use of ALEOs to deliver physical recreation services. The amount of council funds routed through these ALEOs has increased

by 64 per cent over the past three years, from £44 million in 2006/07 to £72 million in 2008/09.

**77.** In addition to council funding, the 39 ALEOs operating in 2008/09 generated a further £104 million of income, including:<sup>44</sup>

- £84 million from charges (eg, entrance fees for gyms and swimming pools)
- £13 million from grants
- £7 million from commercial and trading activity (eg, cafes, investment income).<sup>45</sup>

**78.** Twenty-four of the 39 ALEOs operating in 2008/09 were leisure trusts, and they accounted for 98 per cent of the total amount spent by ALEOs. As with council-run services, the balance between income and expenditure for leisure trusts varies from area to area, and is affected by the prices charged, the type of facilities, and the number of people using them. These factors are inter-related and there are no clear patterns across Scotland.

**79.** The remaining 15 ALEOs were smaller community-led businesses, which accounted for two per cent of expenditure. We did not conduct any detailed analysis of their individual funding arrangements during our audit.

#### ALEOs have varying levels of financial dependency on councils

**80.** Although the amount of funding provided to ALEOs has increased overall (as more ALEOs have been established), some individual ALEOs have experienced a reduction in council funding in recent years. For example, between 2006/07 and 2008/09, more than half of leisure

<sup>43</sup> Local Government in Scotland Act 2003, and associated statutory guidance.

<sup>44</sup> Our financial analysis covers 39 ALEOs (based on their annual accounts between 2007/08–2008/09). Enjoy Leisure (East Lothian) and Aberdeen Sport Village were omitted as they did not become operational until part way through 2008/09. Sport Aberdeen was also omitted as its facilities only opened in July 2010. There is no financial analysis of three of the small community businesses operating in Aberdeenshire as no financial data were available. Our analysis includes Annandale & Eskdale Leisure Trust, whose service level agreement with Dumfries & Galloway Council was terminated on 31 March 2010.

<sup>45</sup> 2008/09 annual accounts of arms-length and external organisations.



trusts experienced a reduction in their service support grant. The impact any future reductions might have is not clear, and will depend on the proportion of the ALEOs funds that come from the council, the reserves they have built up, and how much can be recovered through other income streams.

**81.** ALEOs generally aim to make a small surplus each year. In 2008/09, most ALEOs made a surplus, averaging around four per cent. Seven out of the 24 leisure trusts, and eight out of the 15 community-led businesses, reported an operating deficit in the same year. However, this should be considered within the context of their overall funds, including any reserves built up over a number of years. ALEOs that are highly dependent on council funding will find it harder to manage the impact of future reductions in public spending. The scale of reductions in spending that are being predicted by councils over the next few years will have a consequent impact on ALEOs and is not likely to be met through efficiency savings alone.

**82.** Against this backdrop of financial constraint, councils and ALEOs need to understand and manage their costs, monitor the impact their services are having, and consider more cost-effective ways of delivering services and encouraging people to be physically active.

## Recommendations

Councils should:

- closely monitor the impact of reductions in public spending on plans for investing in leisure facilities, and ensure long-term capital investment strategies take account of 'whole-life costs' such as maintenance, refurbishment and the cost of upgrading facilities
- develop a better understanding of the factors that influence income and monitor the links between spending, service design and the achievement of strategic objectives to ensure services are delivering value for money
- ensure that pricing structures and concessionary schemes are regularly reviewed, and their affordability and impact on participation is considered as part of strategic planning
- undertake Best Value service reviews on a regular basis and hold ALEOs to account for ensuring they have robust financial plans in place.

# Part 4. Performance and impact



Attendance is increasing and satisfaction is high, but councils lack information about the people not using these services, and the reasons why.



## Key messages

- Three-quarters of councils collect a range of information about how services are performing and a similar number report they compare this with other council areas. However, the information collected does not always allow councils to demonstrate the impact of their services on increasing the number of people getting enough exercise.
- Attendances at swimming pools and leisure centres is increasing, satisfaction among existing customers is high and there is generally good availability of facilities across Scotland. Both councils and ALEOs gather customers' views and use them to improve services.
- Councils and ALEOs lack good information about the people who are not using their services and the reasons why. The 2007/08 Scottish Household Survey estimated that 60 per cent of people in Scotland were not using council sports and leisure facilities, and in 2008, a similar percentage were not getting enough exercise.

### Councils have performance management arrangements in place for physical recreation services

**83.** Under Best Value, councils are required to collect a range of information about how services are performing, so that they can set targets for improvement and monitor progress. They also need to understand how the amount spent affects the size and quality of services, and the impact this has on the number of people taking regular exercise. Councils can then use this information to identify ways to make services more efficient and demonstrate that they are delivering value for money.

**84.** Three-quarters of councils (including ALEOs delivering services on their behalf) collect a variety of information about how services are performing, including:

- usage (eg, number of people using concessionary schemes such as free swims)
- membership schemes (eg, number of members)
- financial information (eg, subsidy per visit, total income per facility)
- customer information (eg, number of customer interviews carried out, satisfaction levels).

**85.** However, around a quarter of councils reported that they do not collect any performance information other than the two statutory performance indicators for physical recreation services – attendances at swimming pools and attendances at leisure centres.

### Benchmarking is carried out through a range of networks

**86.** Benchmarking is a process for making like-for-like comparisons between the cost and quality of services across councils, which helps them assess how good their services are and what potential there is for them to improve. It also helps identify good practice and the factors that allow the same levels of service to be delivered for less money (cash-releasing efficiencies), or better services to be delivered for the same amount of money (time-releasing efficiencies).

**87.** Around three-quarters of councils report they carry out benchmarking through a range of networks, such as the Association for Public Sector Excellence (APSE). The remaining quarter of councils report they do not carry out any formal benchmarking for physical recreation services. Around 80 per cent of Scotland's 26 leisure

trusts undertake benchmarking through the Sports and Recreation Trust Association (SPORTA).

**88.** As councils face increasing financial pressures as a result of reductions in public sector spending, they will need to make more cash-releasing efficiency savings and, depending on local circumstances, may also consider reducing services in some areas. Wider use of benchmarking could help councils identify where further efficiency savings could be made. It could also help them to better understand the impact any reductions in spending they may decide to make would have within different service areas, and on their strategic aim of getting people more active.

**89.** Around three-quarters of councils have a quality assurance framework in place, the most commonly used system being QUEST which is a UK-wide scheme for quality in sports and leisure facilities. A number of other systems are also used, including ISO 9001:2000 for sports and leisure facilities and Chartermark. However, these vary in scope and it is difficult to provide an overall picture of performance across Scotland.

**90.** In 2009/10, The Voice of Chief Officers of Culture and Leisure Services in Scotland (VOCAL), in partnership with the Scottish Government and Her Majesty's Inspectorate of Education, developed a quality improvement framework called *How Good is Our Culture and Sport* to help councils and other service providers evaluate the quality, efficiency and effectiveness of their sport and recreation services.<sup>46</sup> The framework has been piloted at Perth and Kinross Council and Culture and Sport Glasgow. Where they are used effectively, initiatives like this will help to improve performance management arrangements for council physical recreation services.

46 The framework is designed to be compatible with the Public Service Improvement Framework.

## Councils have limited evidence of the impact their services make

**91.** Across all councils and ALEOs, performance information for physical recreation services provides limited evidence of the impact services are having on raising levels of physical activity. To achieve the Scottish Government target of 50 per cent of adults getting the recommended level of exercise each week by 2022, an increase of one per cent from today's levels is needed across Scotland each year.

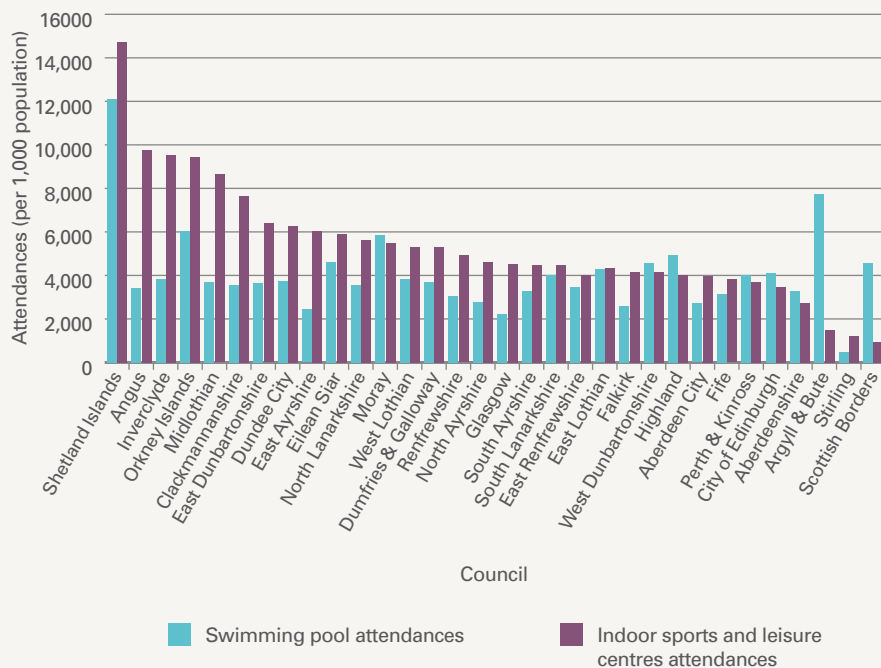
**92.** Councils need to understand how many people in their area are getting the recommended amount of exercise and how far they have to go before enough people are meeting the weekly target. To do this, councils need to look back over a number of years by choosing a starting point, or baseline, and look at the change each year. This allows councils to see trends and set meaningful local targets.

**93.** However, almost 60 per cent of councils are not using baseline information. This makes it difficult for them to see how levels of physical activity have been changing in their area over recent years, or to set appropriate targets and monitor progress.

**94.** Fewer than twenty per cent of councils collect information about how often their priority groups are getting exercise. They are therefore unable to demonstrate the difference services are making to those who are the least active, or the impact of free usage and other concessionary pricing schemes designed to encourage particular groups to become more active.

## Exhibit 9

Attendances at swimming pools and leisure centres 2008/09



Note: The statutory performance indicators for both swimming pool attendances and indoor sports and leisure centre attendances for the City of Edinburgh Council were reported to be unreliable by the local auditor as they did not capture data on attendances from the full range of facilities.

Source: Statutory Performance Indicator numbers 1 & 2, Cultural & Community Services, Accounts Commission, 2008/09

## Attendance is increasing and customer satisfaction is generally high

**95.** There is generally widespread availability of council physical recreation facilities across Scotland. In 2007/08, just over three-quarters of people who took part in the Scottish Household Survey said that they had access to a gym or sports hall, outdoor sports pitch, or swimming pool within 20 minutes of their home by foot or on public transport.<sup>47</sup>

**96.** In the three years between 2006/07 and 2008/09, attendances at council-owned indoor leisure centres and swimming pools increased

by 14 per cent and three per cent respectively. In 2008/09, attendances at pools ranged from 470 in Stirling per head of 1,000 population and 2,246 in Glasgow, to 7,723 in Argyll & Bute and 12,105 in the Shetland Islands. However, Stirling Council's main leisure facility was closed for part of this year and attendance therefore dropped from 2,034 per 1,000 population the previous year. The Scottish average during 2008/09 was 3,569. There are large differences in attendance levels between councils, but no single factor fully explains this, although the number and size of facilities will have the most influence (Exhibit 9).

**97.** Councils and ALEOs report customer satisfaction levels as high, and all report using some form of customer survey to gather the views of people using their physical recreation services. However, because the content of these surveys varies from council to council, it was not possible for our audit to make robust comparisons of satisfaction levels across Scotland.

**98.** The 2007/08 Scottish Household Survey found high levels of satisfaction among users of council sport and leisure facilities, although this relates mainly to indoor facilities. Eighty-three per cent of the people surveyed said they were 'satisfied' or 'highly satisfied' with their council's sport and leisure facilities, with only ten per cent saying they were 'dissatisfied'. The remaining seven per cent were 'neither satisfied nor dissatisfied', or said they had 'no opinion'.

**99.** The survey data show very little variation in satisfaction levels between council areas, with them all appearing as very high. However, the differences between each council are often smaller than the margin of error on the data, so the survey has limited value for looking across all 32 councils.

**100.** Councils and ALEOs generally make good use of customer views, using feedback gathered through surveys and suggestion schemes to make improvements to services. Examples of these include changes to the opening times of gyms and pools to accommodate work patterns, or specific improvements to facilities, for example upgrading changing rooms.

### Councils lack good information about people who are not using their services

**101.** Although attendances are increasing and the people using the services are satisfied with them, significant numbers of people are not using council-owned facilities or getting enough exercise. The 2007/08 Scottish Household Survey estimated that 60 per cent of people in Scotland were not using council sport or leisure facilities – 43 per cent of the people surveyed said they had never used their council's sport or leisure facilities, and a further 17 per cent said they had not used them in the past year.<sup>48</sup> Although some of these people may be using private sector facilities, or taking exercise in other ways, such as walking or jogging, levels of physical activity across Scotland remain low. In 2008, only two out of five adults (half of men and around a third of women) were getting the recommended amount of exercise.<sup>49</sup> If councils are to achieve their aim of increasing levels of physical activity, they will need to encourage more people to take regular exercise. This will include promoting activities such as walking, running and cycling, and encouraging more people to use sport and leisure facilities.

**102.** Councils and ALEOs need to do more to find out the views of people who are not using their facilities. While around three-quarters collect information about their existing customers, almost all recognise they lack a solid understanding of the needs of potential customers and the reasons why they are not using services. As public sector spending reduces as a result of the recession, councils will need to prioritise services and consider ways to reduce costs and maximise income where this is appropriate. Better information about the people who are not using these services, the reasons why and the amount they would be willing to pay

for different activities, could help councils set priorities, develop more effective pricing policies and better target priority groups.

**103.** Around two-thirds of councils use dedicated software, known as a customer relationship management system, to collect information about existing sport and leisure customers. These types of systems can also provide an efficient way to gather information about people who are using other council services. Depending on the type of information that is held, this could help identify people who are not using council sport and leisure facilities, and support more targeted marketing to the specific groups identified as a priority within councils' physical activity strategies.

### Recommendations

Councils should:

- ensure information about how services are performing includes financial information, such as subsidy levels, and information about the impact of services, for example on the number of people getting enough exercise
- ensure performance information is used to compare the cost and quality of physical recreation services with other council areas, to help identify efficiency savings and to help understand the impact of reduced spending on services where this is required
- improve their understanding of which people do not use services and the reasons why. Councils should use this information to set priorities, help develop effective pricing policies and target priority groups.

<sup>48</sup> Scottish Household Survey, Scottish Government, 2007/08.

<sup>49</sup> *The Scottish Health Survey 2008*, Scottish Government, 2009.



# Appendix 1.

## Audit methodology

The overall aim of our audit was to examine how well councils organise and deliver physical recreation services and make recommendations to support improvement.

The audit examined:

- how physical recreation services are delivered
- how councils plan and manage physical recreation services
- how much is spent and where
- how services are performing and their impact.

We carried out desk-based research, document reviews and analysis and surveyed 32 councils. We interviewed personnel from Edinburgh Council, Edinburgh Leisure, Argyll & Bute Council, Falkirk Council, South Lanarkshire Council and South Lanarkshire Leisure. We met with other key stakeholders at various points during the audit, specifically:

- sportscotland
- Scottish Government
- VOCAL (The Voice of Chief Officers of Culture and Leisure Services in Scotland)
- local sports clubs
- SPORTA (Sports and Recreation Trust Association)
- Her Majesty's Inspectorate of Education.

In addition, we reviewed councils' physical recreation strategies where these were available. We also obtained the financial accounts of each of the ALEOs delivering physical recreation services between the period 2006/07 and 2008/09. We matched this financial information to data from the Scottish Government's local government financial statistics for the same period.

A project advisory group was established to provide independent advice and feedback at key stages of the project ([Appendix 2](#)).

# Appendix 2.

## Project advisory group membership

Audit Scotland would like to thank members of the project advisory group for their input and advice throughout the audit.

Member	Organisation
Kim Atkinson	Scottish Sports Association (from March 2010)
Oliver Barsby	Association of Local Sports Councils
Gerry Campbell	The Sports and Recreation Trust Association
Patricia Cassidy	sportscotland (until April 2010)
Lee Cousins	Scottish Sports Association
Flora Jackson	NHS Health Scotland
Lindsay McGregor	Convention of Scottish Local Authorities
Gavin McLeod	Scottish Disability Sport
Jill McIntyre	sportscotland (from April 2010)
Chris Robison	Scottish Sports Association (until February 2010)
Rod Stone	The Voice of Chief Officers of Culture and Leisure Services in Scotland
Kate Vincent	Scottish Government

Note: Members of the project advisory group sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

# Appendix 3.

## Table of ALEOs

The table identifies ALEOs operating within each of the council areas to deliver physical recreation services across Scotland.

Name of council	ALEO(s)	Type of ALEO	Services Provided
Aberdeen City	Garthdee Sports and Alpine Park	Leisure trust	Outdoor facilities only
	Sport Aberdeen	Leisure trust	Indoor and outdoor facilities (including golf)
	Aberdeen Sports Village	Leisure trust	Indoor and outdoor facilities (excluding golf)
Aberdeenshire	Balmedie Leisure	Community-led business	Indoor facilities only
	Bennachie Leisure	Community-led business	Indoor and outdoor facilities (excluding golf)
	Bettridge Centre	Community-led business	Indoor facilities only
	Ellon and District Sports Development Trust	Community-led business	Indoor and outdoor facilities (excluding golf)
	Garioch Sports	Community-led business	Indoor and outdoor facilities (excluding golf)
	Princess Royal Sports and Community Trust	Community-led business	Indoor and outdoor facilities (excluding golf)
	Westdyke Leisure Centre	Community-led business	Indoor and outdoor facilities (excluding golf)
Angus	Direct provision – no use of ALEOs		
Argyll & Bute	Islay & Jura Community Enterprise	Community-led business	Indoor facilities only
	Mid-Argyll Community Enterprise	Community-led business	Indoor facilities only
	Oban & Lorn Community Enterprise	Community-led business	Indoor and outdoor facilities (excluding golf)
Clackmannanshire	Wasp Leisure Ltd	Private company	Indoor facilities only
Dundee City	Dundee Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
	Dundee Ice Arena	Leisure trust	Indoor facilities only

Dumfries & Galloway	Direct provision – no use of ALEOs		
East Ayrshire	Kilmarnock Leisure Centre	Leisure trust	Indoor facilities only
East Dunbartonshire	Direct provision – no use of ALEOs		
East Lothian	Enjoy – East Lothian Leisure	Leisure trust	Indoor and outdoor facilities (including golf)
East Renfrewshire	Direct provision – no use of ALEOs		
City of Edinburgh	Edinburgh Leisure	Leisure trust	Indoor and outdoor facilities (including golf)
Eilean Siar	Direct provision – no use of ALEOs		
Falkirk	Direct provision – no use of ALEOs		
Fife	Fife Sports and Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
Glasgow City	Glasgow Life	Leisure trust	Indoor and outdoor facilities (including golf)
Highland	Inverness Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
	Linnhe Leisure	Leisure trust	Indoor facilities only
	Averon Leisure	Community-led business	Indoor facilities only
	Mallaig Swimming Pool	Community-led business	Indoor facilities only
	Lochlash Leisure Centre	Community-led business	Indoor facilities only
	Tongue and Farr Sports Association	Community-led business	Indoor facilities only
	Poolewe Swimming Pool	Community-led business	Indoor facilities only
	Assynt Leisure Centre	Community-led business	Indoor facilities only
Inverclyde	Inverclyde Leisure	Leisure trust	Indoor facilities only
Midlothian	Direct provision – no use of ALEOs		
Moray	Moray Leisure	Leisure trust	Indoor facilities only
North Ayrshire	KA Leisure	Leisure trust	Indoor and outdoor facilities (including golf)

North Lanarkshire	North Lanarkshire Leisure	Leisure trust	Indoor and outdoor facilities (including golf)
	Timecapsule Monklands	Leisure trust	Indoor facilities only
Orkney Islands	Pickquoy Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
Perth & Kinross	Live Active Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
Renfrewshire	Renfrewshire Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
Scottish Borders	Borders and Sport Leisure	Leisure trust	Indoor and outdoor facilities (excluding golf)
	Berwickshire Recreation	Community-led business	Indoor facilities only
	Jedburgh Leisure	Community-led business	Indoor facilities only
Shetland Islands	Shetland Recreational	Leisure trust	Indoor and outdoor facilities (excluding golf)
South Ayrshire	Direct provision – no use of ALEOs		
South Lanarkshire	South Lanarkshire Leisure	Leisure trust	Indoor and outdoor facilities (including golf)
Stirling	Active Stirling	Leisure trust	Indoor and outdoor facilities (excluding golf)
West Dunbartonshire	Direct provision – no use of ALEOs		
West Lothian	West Lothian Leisure	Leisure trust	Indoor and outdoor facilities (including golf)



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