

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee: 8 June 2011

Subject: Leisure Trust Governance Arrangements

1. Purpose

1.1 The purpose of this report is to consider options relating to governance arrangements associated with the establishment of a Leisure Trust.

2. Background

2.1 A report was submitted to the October 2010 HEED committee by the Executive Director of Housing, Environmental and Economic Development and Executive Director of Educational Services, to consider the establishment of a Leisure Trust.

2.2 At that committee it was agreed:

(1) the package of services for a trust model as highlighted in Option 2 in paragraph 3.12.2 of the report which was considered to offer the greatest overall benefit to the Council and to the communities it services; these include the 3 main leisure facilities in Clydebank, Dumbarton and the Vale of Leven, and the communities facilities noted below.

- Bowling Hall
- Denny Civic Theatre
- Dumbarton Burgh Hall
- Duntocher Hall
- Howatshaws Hall
- Napier Hall
- Skypoint
- The West Dumbarton Activity Centre
- West Bridgend Hall
- Alexandria CL&D Centre
- Bonhill CL&D Centre
- Clydebank East CL&D Centre
- Concord CL&D Centre
- Dalmonach CL&D Centre
- Dalmuir CL&D Centre
- Glenhead CL&D Centre
- Hub CL&D Centre
- Phoenix CL&D Centre

It was also agreed to include Sports Development, Active Schools and Outdoor Education.

- (2) to delegate authority to the Executive Director of Housing, Environmental and Economic Development, in consultation with other departments to progress arrangements for the development of a leisure trust in line with (1) above;
- (3) to the provision of development funding to the sum of £130,000 from the service delivery modernisation fund;
- (4) to note the projected timeline as outlined in paragraph 3.15 of the report in relation to the development of a leisure trust model;
- (5) to note the involvement and support necessary from staff across various service areas for the development of a successful leisure trust model; and
- (6) that a report outlining the governance options for the leisure trust should be submitted to a future meeting of the committee.

2.3 This report provides the update as requested in point 6 above.

3. Main Issues

- 3.1** The governance arrangements that require to be put in place to deliver a successful Leisure Trust have been considered by the Leisure Trust Project Board.
- 3.2** The report that was presented to the Housing, Environment and Economic Development committee highlight key areas of work that require to be carried out during the preparatory stages of the development of a Trust.
- 3.3** The project board has researched the key steps required to deliver this project timeously and one of the key elements is the creation of a Board of Trustees.
- 3.4** The creation of a board is critical in the order to allow an application to be submitted to the Office of the Scottish Charity Regulator (OSCR) and the development and approval of the Memorandum and Articles of Association of the Trust which should accompany the application.
- 3.5** Both the application to OSCR and the development of the Memorandum and Articles of Association will be developed by our external Legal and Financial Advisors
- 3.6** The services of our Legal and Financial Advisors are currently being procured and with the appointment of the Board of Trustees running in tandem, the process of applying to OSCR will be accelerated to ensure commencement of the Trust by March 2012.
- 3.7** It is proposed that the structure of the Board will consist of 4 Councillors as Directors and 5 externally appointed independent Directors through a recruitment process.

- 3.8** The Head of Neighbourhood Services will liaise with Corporate H.R. on the most appropriate selection process for independent Directors. It will include some essential criteria that will include “knowledge and experience” attributes.
- 3.9** The committee is asked to note that the selection of the Board of Directors is a critical aspect of setting up the trust. Attention should be given to where members are selected from in order to bring in a mix of skills relevant to managing the diverse range of operational requirements of the Trust. One of the fundamental requirements of the role of a Trust Director under charity law is to put the interests of the charity before any other person or organisation.

Role of the Board

- 3.10** The role of the Board of Trustees would be clearly set out in the Memorandum and Articles of Association of the West Dunbartonshire Leisure Trust.
- 3.11** This would define the trusts, objects, powers, liabilities, membership, meeting schedule, voting rights and composition of the board. Board members would require to promote the aims and objectives of the Trust.
- 3.12** The board of Trustees would work independently from the Council. The Council would however ensure that there was a comprehensive contractual framework that defined the relationship between the Council and the Trust in place prior to the Trust “going live”.
- 3.13** The overall legal structure would consist of our main elements:
- Service Level Agreement
 - Corporate Structure which is the Trust’s Articles of Association
 - Property Arrangements which would take the form of lease agreements and would form the property agreement.
 - Contractual framework which defines the transfer process which would consist of a number of agreements regarding services, property and staff transfers to the Trust.
- 3.14** Once the Leisure Trust was established Officers of the Council would monitor the contractual framework to ensure arrangements that were put in place by the Trust were delivering the desired outcomes contained within the Service Level Agreement and other contractual details that were part of the transfer process.

4. People Implications

- 4.1** The appointment of a Board of Trustees/Directors is critical in the delivery of the Leisure Trust.
- 4.2** It is proposed that the Board will consist of 4 councillors and 5 independent Directors. The independent Directors will be selected following a public recruitment process.

4.3 As previously agreed by HEED Committee there will be no remuneration paid to elected members on the board, only reasonable traveling expenses.

5. Financial Implications

5.1 The costs associated with the development of the trust and the appointment of external advisors has been allocated £130,000 from the service delivery modernisation fund.

5.2 It is anticipated that a reduction of £615,000 pa in subsidy paid by the Council to the Leisure Trust will be delivered through the reduction of N.D.R. and VAT advantages.

6. Risk Analysis

6.1 There are a number of risks that the Council have to consider in developing a leisure trust. The main hurdle associated with governance arrangements is the appointment and selection of a Board of Trustees to allow the progression of the application to OSCR (Office of the Scottish Charity Regulator) who is the independent regulator and registrar of Scottish charities. Failure to achieve this would stop this project progressing at the pace required to be concluded by March 2012.

6.2 There is a risk that obtaining essential expert advice to assist in the development and establishment of clear governance structures is not achieved however, this risk has been mitigated by the allocation of reasonable funding and the procurement process being put in place to obtain this advice.

7. Equalities, Health & Humans Rights Impact Assessment (EIA)

7.1 No significant issues were identified in screening for potential equality impact for this service.

8. Conclusions and Recommendations

8.1 This report highlights the requirement to establish a Board of Trustees whilst procuring external expert advice to ensure the delivery of the Leisure Trust by March 2012.

8.2 The make up of the Board would consist of 4 Council Members and 5 Independent Directors. This meets guidance issued by OSCR and replicates models in other trusts.

8.3 It is recommended that the committee:

- (i) agree to nominate 4 Council members to the Board of Trustees, not necessarily from the Housing, Environment and Economic Development committee;

- (ii) agree that a report seeking nominations is brought to the Council meeting in June 2011;
- (iii) agree to delegate authority to the Executive Director of Housing, Environmental and Economic Development in consultation with the Head of HR/OD to advertise, interview and recruit 5 independent members to the Board of Trustees.
- (iv) note that elected member board membership does not carry any remuneration.

Elaine Melrose

Executive Director of Housing, Environmental and Economic Development

Date: 9 May 2011

Persons to Contact: Ronald M. Dinnie - Head of Neighbourhood Services, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737601, email: ronald.dinnie@west-dunbarton.gov.uk

Appendices: None

Background Papers: Leisure Trust Options report to HEED March 2010
Leisure Trust Options report to HEED October 2010

Wards Affected: All