

ANGUS COUNCIL

ANGUS COUNCIL – 8 SEPTEMBER 2022

ANGUSALIVE: TRANSFORMATION PROGRAMME UPDATE

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ABSTRACT

This report presents an update in relation to ANGUSalive's Transformation Programme which is being progressed in partnership with the Council to support the organisation in working towards a sustainable long-term future. The report includes details of the range of proposals which, in some cases, are now at a stage in their development that requires Council consideration/approval to proceed. It also sets out the principles of the Council's strategic direction for ANGUSalive, which will assist the organisation progress in a way that is closely aligned to the Council's needs going forward.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:

- (i) Note the overall scope and content that is emerging as part of the ANGUSalive Transformation Programme, as outlined in section 5 below;
- (ii) Agree the principles for the future strategic direction of ANGUSalive as set out in section 5.1.1 below, to ensure that ANGUSalive's forthcoming business plan and update to the services specification are aligned with the Council's latest requirements;
- (iii) Agree to the initial proposals that currently require Council consideration/ approval, as set out in section 5.2.2 below, which require interim changes to the services specification and agree they can form the content of a formal change notice between the Council and ANGUSalive, summarised as follows:
 - Permanent integration of Arbroath Library/ ACCESS Services, and removal of the existing ACCESS office building from ANGUSalive's license to occupy agreement;
 - New approach to Digital Training Services;
 - Updated Venue Operating Hours (Appendix 2 refers);
- (iv) Agree to the initial proposals that currently require Council consideration/ approval, as set out in section 5.2.3 below (without requirement for interim changes to service specification), summarised as follows:
 - Engage Communities to explore opportunities for involvement in service delivery;
- (v) Note the progress with the Monifieth Community Hub & Library integration project (Report 313/22 also refers);
- (vi) Agree to delegate authority to the Director of Strategic Policy, Transformation & Public Sector Reform to approve any non-material changes to venue opening hours set out

in Appendix 2, in order to expedite minor operational changes requested by ANGUSalive;

- (vii) Agree the procurement authority for the supply and installation of equipment, following the sourcing strategies as set out in section 5.3 below, with an estimated total value of £898,000, to be funded from ANGUSalive's Renewal & Repair Fund;
- (viii) Agree to extend some of the support package measures to 31 March 2024 as well as the delegated authority of the Director of Finance to implement them as necessary, all as set out in section 5.4 below; and
- (ix) Note that further ANGUSalive reports will be brought to the Communities Committee, unless there is a specific requirement for consideration of a report by either the Policy & Resources Committee or full Council.

2. ALIGNMENT TO THE COMMUNITY PLAN/ COUNCIL PLAN

2.1 This report contributes to the following local outcome(s) contained within the Community Plan:

- An inclusive and sustainable economy
- A skilled and adaptable workforce
- Attractive employment opportunities
- The best start in life for children
- More opportunities for people to achieve success
- Improved physical, mental and emotional health and well-being
- Safe, secure, vibrant and sustainable communities

3. BACKGROUND

- 3.1 Delivering culture, sport and leisure services through an arms-length external organisation (ALEO) has several benefits for the Council. ANGUSalive was therefore established by the Council and commenced operating on 1 December 2015. The Council is the sole owner of the organisation which is a registered Scottish charity and a company limited by guarantee (note that the terms "Charity" and "Trust" are used as alternative references to ANGUSalive throughout this report). It must therefore operate and be governed in a manner which is consistent with its charitable purposes and deliver public benefit.
- 3.2 Benefits derived by adopting this model of service delivery include an annual saving for the Council of circa £1.5m from receipt of charitable rates relief on non-domestic rates, along with opportunities to attract external funding and commercial revenue growth which otherwise may not be available.
- 3.3 ANGUSalive is funded in part by income generated from sales, fees and charges combined with grants and contributions. The Charity also has a trading subsidiary which undertakes all activities which are not directly linked to the charitable objectives (e.g., café, merchandise provision). The Charity also receives an annual management fee from the Council to part fund the services provided. In 2019/20, the last financial year just prior to the pandemic, around 55% of revenue was achieved through income generation by the Charity with the remaining 45% of revenue received as management fee from the Council.
- 3.4 ANGUSalive has a Board that comprises of nine members. Five of the members are independent of the Council and four are elected members nominated by the Council to support the organisation. Board members do not receive any remuneration for their work and all Board members require to act in the best interests of the Charity. The commitment of the Board has been impressive to date, and it is important that the relationship between the Council and ANGUSalive Board is nurtured. Given the financial constraints faced by both organisations, it is important for the Council to be clear about its expectations of ANGUSalive so that the governance remains clear, and the ANGUSalive Board also feel supported and have clarity in their role.

- 3.5 The vision of ANGUSalve is ***‘Changing lives by inspiring healthy, active and creative lifestyle choices’*** and the Council continues to support this vision. The five service areas devolved by the Council to ANGUSalve include:
- Libraries (including face to face ACCESS services)
 - Museums, Galleries & Archives
 - Countryside Adventure
 - Theatre & Venues
 - Sport & Leisure
- 3.6 An impact of the pandemic is that ANGUSalve’s income generation has significantly reduced compared to pre-pandemic levels, against a backdrop that suggests these income levels may not return to ‘normal’ without intervention, at least in the short to medium term. Members will also be aware that recovery from the pandemic has been challenging due to the various lockdowns, social distancing and ventilation restrictions. ANGUSalve has responded well to these circumstances, including accelerating their digital offering with more apps allowing people to access some services from their own home, using new approaches such as ‘click & collect’ library services, and a variety of apps for bACTIVE members providing access to online leisure classes. The Trust does however need to fundamentally transform to remain sustainable into the future.
- 3.7 Officers from Angus Council and ANGUSalve have therefore been working in partnership over the last two years to develop a transformation programme. Progress with this has been reported to members in the series of reports to Council which commenced in September 2020, and these have been listed as background papers at the end of this latest report.
- 3.8 These reports have also emphasised the need for ANGUSalve to transform in order to meet the savings targets included in the Council's Change Programme. These savings are intended to reduce the level of management fee paid to ANGUSalve and currently include £285k in 2022/23 (now delivered); £210k in 2023/24; and £500k in 2024/25, with further savings continuing into future years. Ideally, ANGUSalve will become a self-sustaining organisation over the next 5-to-10-year period.

4. CURRENT POSITION

- 4.1 The ANGUSalve Transformation Programme has been established to identify and progress the changes needed. It is important to highlight that the transformation work is also focussed on service improvements, transforming to better meet needs of customers and respond to the market and data, in addition to addressing the financial challenges. Short to medium term financial support measures have also been put in place by the Council to ensure ANGUSalve continues as a ‘going-concern’ over this challenging period, while the ANGUSalve Transformation Programme evolves to establish a long-term, sustainable future for the organisation. ANGUSalve’s external auditors review an annual assessment (undertaken by ANGUSalve’s Finance support) to ensure the organisation has sufficient funds to meet its obligations and further detail on this is included in section 5.4 below. Details of the ongoing Council support package measures are also included in section 5.4 below.
- 4.2 The impact of the pandemic on the ANGUSalve business model has also highlighted the need for the Council to provide clarity in terms of its strategic direction for ANGUSalve. The external landscape that the Council operates has changed since the Trust was established in 2015, and the services to be delivered by ANGUSalve now need to be considered and aligned with the current Council and Community Plan priorities to ensure the Council and all its key partner organisations continue to work in synergy to maximise the best value from the overall resources available.
- 4.3 ANGUSalve’s performance information also highlights areas for improvement on several national indicators compared to other councils in terms of costs. This means that the costs look high in comparison to other Council’s due to the number of staff vacancies the Trust is currently holding. To help improve this performance and demonstrate a true picture, it is proposed to baseline the staffing position in line with the updated venue operating hours

outlined in Appendix 2. This is also reflected in subsidised service provision at the majority of ANGUSalive's facilities. The Council's ability to support that ongoing subsidy in this area of service provision is no longer viable based on the challenging financial position and fiscal outlook. This reinforces the need for transforming the business, with greater focus on commercial revenue growth, tailoring services to viable demand and management of the associated performance.

- 4.4 Members will also be acutely aware that these services make up a large proportion of local services that communities rely on, and it is important that communities are therefore involved in identifying their needs to help influence future decisions about service provision. ANGUSalive are therefore to be involved in the engagement with communities taking place over the next few months. This is in addition to any service specific engagement/ consultation related to specific proposals.
- 4.5 This report therefore provides members with the latest update on the progress with the Transformation Programme, including details of the range of proposals which, in some cases, are now at a stage in their development that requires Council consideration/ approval to proceed. It also sets out the principles of the Council's strategic direction for ANGUSalive, which will assist the organisation progress in a way that is closely aligned to the Council's needs going forward.

5. PROPOSALS

5.1 ANGUSalive Transformation Programme

5.1.1 Partnership/ Collaborative Approach

ANGUSalive's Transformation Programme has been developed through collaborative working between officers of ANGUSalive, a wide range of Council services and key partners, including Angus Health & Social Care Partnership and Voluntary Action Angus. A series of 'Rapid Improvement Events' and service opportunity workshops were held to create the vision to support a transformational approach to service delivery moving forward.

The transformation themes emerging from those sessions have been considered from a strategic perspective to ensure that ANGUSalive are supported in shaping the transformation programme in a way that aligns with the future needs of the Council. Indeed, providing greater clarity about the Council's expectations of ANGUSalive has never been more important. Members are therefore requested to consider the key strategic requirements of the Council going forward, framed for clarity of purpose for ANGUSalive who will be required to:

(i) Health & Well-being/ Social Prescribing

- Tailor their service offering to focus on improving health & wellbeing outcomes linked to prevention/ early intervention, making best use of all the venues/ facilities made available from the Council via the license to occupy, and in doing so work strategically with Angus Health & Social Care Partnership and Voluntary Action Angus to support the delivery of these organisations' strategic plan priorities and associated outcomes.

(ii) Schools/ Young People Opportunities

- Engage with all early learning settings, primary and secondary schools across Angus to support all its sports/ leisure and outdoor learning activities, maximising the range of opportunities available, supported with Pupil Equity Funding (PEF) and other available funding sources.

(iii) Customer Services

- Develop new and innovative ways of delivering face-to-face ACCESS services to best meet customer demand, dovetailing with the Council's overall customer services requirements currently being reviewed via its Service Design initiative.

(iv) Future Model of Service Delivery

- Provide greater focussed support in relation to reducing child poverty, improving mental health and wellbeing, accessibility and connectivity to support the delivery of the Community Planning Partnership priorities – this will involve working more closely with all the community planning partners, and include initiatives aimed at achieving Scotland's Net Zero by 2045 emissions target.
- Lead the implementation of the Angus Cultural Strategy, engaging with providers across Angus to build on the excellent cultural offering across Angus.
- Work co-operatively with the Council's Vibrant Communities & Sustainable Growth Directorate and tourism partners across Angus to support the development of the tourism sector in Angus, including tailoring its service offerings to meet the needs of the Council and customer demand.
- Establish an approach within the organisation that can support maximising potential opportunities from all relevant external funding sources, including having a wide range of 'oven-ready' bids available at short notice.

(v) Using Buildings Differently

- Identify and develop more commercial income generation opportunities through innovation/ creative approaches that are likely to generate new customer income streams.
- Work with the Council's Vibrant Communities & Sustainable Growth Directorate to engage with community groups to potentially design/ establish new operating solutions, including the potential to use community groups of interest and volunteers to support service delivery.
- Provide proposals in relation to its Renewal & Repairs fund and Council Capital spending provision as part of its annual Business Plan for forthcoming financial years.

This provides the strategic direction which the Council requires the transformation programme to focus on under each of the themes. It is anticipated that ANGUSalve will integrate these requirements into their five service areas and tailor them as part of the transformation delivery agenda. The following provides further information in relation to some of the background rationale, along with key elements of the opportunities and initiatives that are being explored/ progressed under the five themes.

5.1.2 Health & Well-being/ Social Prescribing

The Covid pandemic has affected health and wellbeing across the world – it has also created the watershed needed to transform previous ways of working. ANGUSalve has responded to the pandemic on an operational basis following national guidance, but as our communities recover from the pandemic, there is now an opportunity to think differently about what the organisation can contribute to improving the health and wellbeing of people across Angus.

Traditionally ANGUSalve provided leisure services principally providing affordable access to leisure facilities. The market has changed significantly over recent years and private gyms are available at a fraction of the price they had previously been and offer greater access eg 24 hour gyms, leaving the Trust competing for a smaller cohort of users. The leisure industry is likely to continue to evolve to meet consumer demands and ANGUSalve now needs to consider its future business model as a result.

Much has been made over the years since the [Christie Report](#) was published but impacting on prevention is an area that needs more attention if the public sector as a whole is to deliver

the level of efficiencies needed in public sector finance. It is against this backdrop that transforming health and wellbeing, including social prescribing has been considered.

Angus Council has set aside £250k from its Covid resources and this has been matched by Angus Health and Social Care Partnership and ANGUSalve who have each contributed £125k to develop a 'test-of-change' project that will seek to evidence the benefits of supporting communities to access preventative health services locally, supporting people to live at home and reduce hospital admissions. This initiative is in the early planning stages however the high-level health related benefits being targeted include:

- Reduction in mental health referrals
- Reduction in obesity and related health issues
- Reduction in prescription costs
- Increased community activity and engagement
- Provision of an evidence-based case for long-term investment and securing funding opportunities for ongoing provision of services to help citizens to prevent, manage and recover (as appropriate) from illness and injury using the most appropriate blend of services across partners

With strong links to the Angus Health & Social Care Partnership Strategic Commissioning Plan and remobilisation plans, the key areas initially identified to target include:

- chronic pain
- physical health inequalities in people experiencing mental health illness
- pulmonary rehabilitation and other condition specific exercise programmes
- Mental health and long-term conditions

It is intended that over the next two to three years, these community health services will be available in our leisure facilities and that the evolving evidence base will help demonstrate the need to permanently shift resources from the health care system into more preventative locally based approaches, focused on improving both physical and mental health and reducing the need over time for costly hospital care.

Significant investment is already being made by ANGUSalve from their Repairs & Renewal (R&R) funds in improving equipment in the gyms, along with upgrading the lighting and the layouts (Appendix 3 refers). The next phase of R&R fund investment is highlighted later in this report to enable the Council to carry out the procurement of new equipment on ANGUSalve's behalf. This will bring the total investment in new equipment to around £1.3m. It therefore is essential to maximise the return on this investment by supporting referrals from GPs, social prescribers, and other healthcare professionals towards maximising use of these facilities. Of course, referral pathways to other ANGUSalve services may also be an option (e.g., outdoor activities via Countryside Adventure).

Complementing this work, ANGUSalve are also reviewing their membership offerings in general with incentives and further accessibility offerings through their mobile app and social media channels. This area of work has also been expanded through their co-ordination of the Sport & Physical Framework for Angus and their contributions to the "Get into Summer" and "Child Healthy Weight" initiatives.

5.1.3 Schools/ Young People Opportunities

A key area for increasing business for the Trust is to support schools, primarily through the links with leisure opportunities. Clearly access to physical exercise alongside learning to swim is an important part of the curriculum. The integration of sport & leisure services in Arbroath, Brechin, Forfar, Kirriemuir and Montrose provide opportunities to achieve the benefits that can arise from an integrated approach with schools having direct access to the facilities and pools. There is a need to balance this provision with the needs of communities more widely and understanding when sport & leisure services are open to the public, clubs and schools is a vital aspect for planning future services.

However, ANGUSalve have the unique position of maximising the use of these swimming pool facilities and promoting this widely to encourage participation and maximise use to benefit citizens of all ages across Angus. Current initiatives include swimming lesson programmes for adults and children, lane swimming, family swimming and local club access. While other ALEOs are considering closing/ temporarily closing their swimming facilities, the model of relationship between the Council and ANGUSalve continues to support this provision.

Outdoor learning is a part of the school curriculum and work is underway to look at opportunities for local provision within our country parks as part of the transformation programme. This work is being aligned to additional council priorities aimed at tackling climate change, embracing biodiversity, and understanding of plants, trees and forest creatures.

Connected to this, ANGUSalve have been working with the Council and external consultants in developing a masterplan for the future vision of Crombie and Monikie Country Parks. This engagement has included input from key Council services and will be a catalyst for future proposals and funding bids towards enhancing our local offering. The piece of work is considering future opportunities such as active travel links between the parks and positive discussions with the Eden Project in light of their local interest in Tayside. The final report is currently being concluded and will be part of a future report to members.

ANGUSalve also have the opportunity to work in closer partnership with our schools as a local provider of outdoor services – this has already commenced within the Monifieth schools cluster. There is further scope to extend this and work with teachers across Angus to design learning and activity programmes best meeting the needs of young people. This also supports schools to identify new learning opportunities using portions of their Pupil Equity Funds (PEF) while generating new income streams for ANGUSalve.

While the above initiatives provide opportunities for encouraging and supporting Children and Young People it is also the case that young people value a place to meet up and enjoy leisure-based activities. The Friday Night projects are run throughout Angus and complement the many clubs provided by volunteers. In addition to an enjoyable and safe environment, these clubs can also be preventative in nature and support young people to become the best version of themselves. It is therefore important to factor in what is working well for communities to ensure that the transformation programme supports the opportunities for young people, including those young people who are looked after by the Council, to ensure that positive services are maintained and, in some areas, improved. The Council's Vibrant Communities Service who co-ordinate the Friday Night Project across Angus are undertaking a review of how this service is delivered with their providers and ANGUSalve including considerations around efficiencies and opportunities related to how payment for Friday Night sessions could become part of the management fee simplifying the process of charging and grants.

ANGUSalve also have the opportunity to expand equalities opportunities by utilising available grant funding support. Recently this included various projects such as "Get into Summer" "Horizon's" memberships for looked after children and the "Child Healthy Weight" initiative. Participatory Budget funding was also secured in Arbroath to provide 50 funded 12-month memberships for candidates identified by Angus Active Schools. Out-with Arbroath flexible winter funding secured through Angus Council has been used to support 250 funded 3-month memberships across the rest of Angus. ANGUSalve can continue to grow this aspect of their business to support some of the most vulnerable young people in our communities.

5.1.4 Customer Services

ANGUSalve provides the face-to-face ACCESS service for Angus Council. A Service Design project is currently underway within the Council to explore customer service and this aspect of the service is being reviewed in line with that ongoing work.

One of the proposals in the transformation programme is to finalise the integration of face-to-face ACCESS services in Arbroath with the library provision as per the approach in all other communities across Angus. The integrated approach has proven to be really beneficial from both an ANGUSalve operational perspective and providing a better customer experience

overall, with the range of opportunities available for customers using the integrated facilities being much broader. The pilot integration commenced during the pandemic to explore feedback from staff and customers and is currently ongoing. ANGUSalive have recently completed a survey of ACCESS customers and the findings are included in Appendix 1. The outcome of the survey supports this being a permanent solution and, if members agree to this proposal, ANGUSalive will vacate the current ACCESS office at the Old Parish Church building in Kirk Square currently owned by the Common Good Fund and will relocate to the Arbroath Library building. This will have the added benefit of the ability to deploy library staff differently that will also support a change to the opening hours across Angus, as outlined in Appendix 2.

If members agree to this proposal, the transitional arrangements between the Council General Fund, which currently supports the running costs of the Old Parish Church building, and Common Good will be managed in accordance with the policy position agreed in Report 138/21. This means that a one-year transfer period will apply during which the Council's General Fund continues to hold tenant financial responsibility. During this period the future use of the asset will be determined through consultation/ reporting to Council and a decision made on what the Common Good wishes to happen with the asset. After this period all financial responsibility reverts to the Common Good. The financial implications are included in section 6.4 below. The potential future use of the Old Parish Church building will also form part of the Place Based Strategy engagement work currently being progressed by the Director of Vibrant Communities and Sustainable Growth.

Early design work to examine the feasibility of investing in changes to the current Arbroath Library layout have been initiated with the Council Assets team. Designs will be developed if members are in agreement to the proposal. Changes to the current layout will be examined to support the varying needs of customers, including feedback from the survey, and improvements will likely reflect some of the successful solutions at Carnoustie and Montrose Libraries. This will in particular seek to improve current privacy arrangements to ensure there is suitable space to accommodate confidential discussions with citizens. Implementation of this investment would be subject to future agreement on the use of funding through the Council's Capital Plan for this purpose unless alternative external funding provision can be sourced.

Further transformation considerations in relation to ACCESS services may also be necessary once the outcome of the Service Design work is known. Currently the Housing Revenue Account (HRA) makes a payment to ANGUSalive for these services, and this will need to be considered in any proposed changes to the delivery of these important services.

A new model of digital service delivery has been implemented in libraries for people to check in and check out their own books. Mobile apps delivering magazines and offering 'click & collect' book services have also become a part of the services offered by ANGUSalive. Apps that cover exercise sessions were developed during Covid. Internet access to some archive materials and theatre shows are also a feature of a forward-looking organisation making best use of new digital technologies. The transformation programme supports further development and expansion of that digital offering.

As part of the original Services Specification, ANGUSalive are required to promote digital inclusion and have historically provided digital training services as part of its customer service offerings. The marketplace has however evolved with digital learning opportunities now also available from other providers - including Dundee & Angus College, DWP, Angus Council Vibrant Communities Team, Voluntary Action Angus or third sector organisations - resulting in duplication of service. It is no longer cost effective for ANGUSalive to continue to provide digital learning using the current model and in future ANGUSalive will work together with local, regional, and national partners to facilitate delivery of a range of high-quality digital learning activities for Angus communities. Informal digital support will continue to be provided across all libraries via ANGUSalive's Information Advisors.

5.1.5 Future Model of Service Delivery

It is now timely to review the future model of service delivery for ANGUSalive due to recent changes with new elected members being appointed to the Board and more clarity emerging on the financial position of the organisation recovering from the impact of the pandemic.

It is highlighted that members previously agreed to the current venue opening times for the period up to 31 March 2023 (Report 38/22 refers). ANGUSalive is currently carrying £633k worth of vacant posts and it is now proposed to baseline the venue opening hours position which would provide members with the basis to remove this budget from the management fee for the financial year 2023/24 as part of the Council's forthcoming budget setting process. This will require members to agree the latest update to the venue operating hours provision as set out in Appendix 2. These include extending current opening times at a number of sports venues, and increased Library venue opening hours.

While some staffing related matters will require to be worked through (section 7.2 below refers), the vacant post resource of £633k currently included in the Trusts 2022/23 budget, could then be used as the basis of a saving for Angus Council in their Change Programme for 2023/24 contributing to closing the financial gap. At present there is still £458k set aside in the reserves budget to cover any one-off needs that the Trust may need to cover relating to any ongoing reduced income risk, alongside a sum of £265k in lost income funding due to Covid that can be utilised to help close any emerging gap in the Trust's funds for this year or next year while the business continues to recover and transform. It may be necessary to supplement these funds further and if that is the case a further report will be brought to Council for consideration.

Baselining the venue opening hours would allow for a true position to emerge around income and expenditure levels, as well as providing more accurate performance data to inform future decision making. An overall review of charges for ANGUSalive services is an inevitable outcome from implementing some of the proposed transformational aspects of the business of the Trust, and this will also be progressed in readiness for the Council budget setting meeting in February/ March 2023.

ANGUSalive have also been reviewing their cultural offering through our museums, galleries and archives, linked to the over-arching aims set out within the Angus Cultural Strategy. This has included seeking funding opportunities to investigate and understand how the emerging provision can be enhanced. After a successful bid for a grant from the Museum Galleries Scotland ALEO Development Fund, ANGUSalive commissioned Studioarc and Jura Consultants to review the development potential across the museums and galleries across Angus. The consultants considered each site independently reviewing the collections, existing visitor market, location, and the buildings. A visitor market appraisal was also undertaken and indicated that there is significant potential to attract more visitors to some sites.

As part of the Tay Cities Deal, ANGUSalive are also involved in the ambitious Tay Adventures programme. The Signal Tower Museum features in this project and it is expected that further improvements will be made to the museum with access to this funding. This would link with other tourism related initiatives taking place in Arbroath.

ANGUSalive are also investigating the introduction of specialised cataloguing software to support museums, galleries and archives documenting their collections and increasing public accessibility to their holding. This is aimed at making their collections available to a wider audience, encourage public engagement, and enhance the monetisation of collections. Angus' heritage services have never successfully hosted collections online in a searchable way, nor in a way that allows the public to search across various disciplines' collections to locate items of interest. This project will help achieve this goal.

5.1.6 Using Buildings Differently

A pilot exercise is underway in Monifieth where proposals have been developed to integrate the library/ ACCESS service with the Monifieth Community Resource Groups new build

Community Hub facility. Members previously agreed to progress proposals in principle earlier this year (Report 38/22 refers). Since that time, good progress has been made in developing the integrated design solution and progressing community engagement, along with the potential funding solution to deliver this innovative project. This is the subject of a separate report also being considered by Council at this meeting today (Report 313/22 refers). This innovative project, if agreed, could potentially also create the stimulus to look at how a similar integrated model could be explored in other communities in Angus where a collaborative/ partnership approach may provide a more sustainable solution.

Indeed, an exercise is also about to be initiated with communities across Angus to better understand needs in relation to their local circumstances. ANGUSalve will participate in these sessions with a view to exploring opportunities to develop more integrated services. This will engage communities across the county who may be willing to help develop integrated services be they libraries, museums, or town halls to see these valued services continue to thrive. This is the transformational approach that is recommended to members, rather than the pursuit of closure of important community facilities. Transforming the business through increased commercial approaches to offset the financial deficit, supported by local volunteering activity is proposed in the first instance.

As presented to Council previously, three of ANGUSalve's facilities have been heavily utilised during the pandemic to support the NHS Covid vaccination programme. As part of Report 181/22 considered at full Council on 30 June 2022, the latest position on this was noted and the situation is continuing to be reviewed and developed with any significant updates being brought forward to Council for consideration as they emerge. Future town hall provision will be explored as part of the community engagement noted above and any options considered when more clarity about the continued need for vaccination centres is known.

As the custodian for the Council's archives and local history collections, ANGUSalve have cared for these within multiple facilities provided to them for occupation by the Council (i.e. The Yard, Forfar; The Mart Forfar; and The Hunter Library, Restenneth, by Forfar). As time has gone on these collections have grown and it has been recognised that the provided facilities are no longer suitable to house and preserve these historically significant items. ANGUSalve have therefore re-launched an internal feasibility study on providing a fit for purpose facility to securely house the archives and collections called the Angus Heritage Research Centre (AHRC) – this had been initiated prior to the pandemic but progress had stalled. This study included considerations around research, inspirational learning, access and shared community space and functions. Prior to the pandemic this study reached the position of developing an outline design brief with support from the Council and hub East Central Scotland. ANGUSalve plan to develop this proposal further although it will require support from various partners to allow it to develop to a stage where significant funding opportunities can be identified and pursued. Options relating to re-purposing existing buildings will also be explored as part of developing the future business case, which will also include an options appraisal and be the subject of a future report to Committee for consideration in due course.

ANGUSalve are also looking to maximise the use of redundant spaces across the Council space they occupy this is with a hope to create more functional spaces such as wellbeing studios, HIIT studios, Spin studios and functional training space to expand on the offerings to our communities, while also generating new income. There will be a need to understand changing demand to inform the development of these future services.

ANGUSalve have recently led on a 'proof-of-concept' project in collaboration with Alliance Leisure focusing on Carnoustie Sports Centre. This is a study with the aim of generating new revenue for the Trust. It considers the inclusion of commercial space, a click and climb/ soft play area, squash court & spin studio conversion, refurbishment of outdoor tennis courts and transformation of the reception/ foyer/ building frontage. ANGUSalve are currently examining available funding opportunities and assessing the viability of this project.

5.2 Proposals Requiring Changes to Services Agreement

- 5.2.1 The Services Agreement (i.e., the specification) in place between the Council and ANGUSalive is the main agreement which sets out the range of services ANGUSalive delivers on behalf of the Council. With the exception of venue opening hours during the pandemic, the Service Agreement has not changed since it was introduced when ANGUSalive first started operating in December 2015. While some changes can be agreed by the ANGUSalive Board itself when these align with the specification, other changes require to be agreed by the Council where they amend the content of the agreed specification.
- 5.2.2 Some of the initial proposals require an amendment to the current service specification and therefore consideration/ approval by the Council. These are summarised in the following table:

Description of Proposal
Permanent integration of Arbroath Library/ ACCESS Services: members are asked to agree face-to-face ACCESS services will be delivered from Arbroath Library on a permanent basis using the integrated approach that has already proven to have many service-delivery benefits in all of the other burghs. Details of the feedback from ANGUSalive's survey which supports this proposal are included in Appendix 1. This will have the added benefit of improving library opening hours throughout Angus as described in appendix 2.
New approach to Digital Training Services: members are asked to agree a change to the services specification to confirm the company will work together with local, regional, and national partners to facilitate delivery of a range of high-quality digital learning activities for Angus communities.
Updated Venue Operating Hours: members are asked to agree the venue operating hours being proposed in Appendix 2, as the new baseline position and consider the current vacancy budget of £633k as the basis of a potential saving option as part of a revised overall management fee reduction for 2023/24 (section 6.2 below refers).

- 5.2.3 Other proposals do not require an amendment to the current service specification, albeit require consideration/ approval by the Council to progress as these will assist to inform future strategy. These are summarised in the following table:

Description of Proposal
Work with Angus Council to engage communities to explore opportunities for involvement in service delivery: members are asked to agree to engage communities across the county who may be willing to help develop integrated services be they libraries, museums, or town halls to see these valued services continue to thrive.

- 5.2.4 Now that this transformation programme work is in progress, with full Council sighted on the broad range of developments to date, it is planned that future reports will be considered by the Communities Committee. The Order of Reference for the Communities Committee includes the supervision and management of the contract between the Council and ANGUSalive (clause 31 on page 30 of the Council's Standing Orders). That is proposed as the default approach unless there is a specific requirement for consideration of a report by either the Policy & Resources Committee or full Council.
- 5.2.5 The ongoing development and delivery of ANGUSalive's Transformation Programme proposals will be an intrinsic element of ANGUSalive's annual Business Plan. As noted earlier, ANGUSalive are required to submit a Business Plan to the Council six months in advance of each forthcoming financial year (i.e. by start of October). This information will dovetail with the Council's own strategic planning cycle, including budget setting, to ensure there is a coherent approach between the Council and ANGUSalive priorities going forward.

- 5.2.6 It is proposed that the authority to approve any non-material changes to the updated venue opening hours set out in Appendix 2 is delegated to the Director of Strategic Policy, Transformation & Public Sector Reform in order to expedite minor operational changes requested by ANGUSalive.
- 5.2.7 A full update of the Services Agreement will be undertaken to reflect the changes agreed in relation to ANGUSalive's Transformation programme which will be reported to Council in due course/ prior to the end of the financial year in March 2023. This will include the principles for the future strategic direction of ANGUSalive as set out in section 5.1.1 above.

5.3 Procurement Authority for Equipment Replacement Programme

- 5.3.1 A further phase of ANGUSalive's equipment replacement programme at sports centres was agreed by the ANGUSalive Board of Directors at its meeting on Friday 24 June 2022. Regular equipment refresh is essential as this programme of work contributes to the maintenance and growth of the Charity's customer base and facility usage through provision of a high-quality customer experience. The investment is funded through the Renewal & Repair Fund which the Charity has made annual contributions towards since it was established in 2015.
- 5.3.2 The ownership of the equipment is retained and procured by the Council, therefore agreement to the procurement authority for the various items of equipment with an overall estimated value of £898,000 is sought from Council in order to comply with the Council's Financial Regulations. Members may recall from an earlier update report (Report 393/21 refers) that the Council agreed the procurement authority relating to the first phase of equipment investment with an overall value of £460,440. Agreement to this latest proposal will bring the total investment to £1,358,440.
- 5.3.3 The sourcing strategy for sports equipment for three further sports facilities (estimated value £880,000) is via the Eastern Shires Purchasing Organisation (ESPO) framework agreement Fitness Equipment (Supply, Delivery, Installation & Maintenance). A mini competition was run for 3 lots 1) functional kit 2) spin bikes 3) cv and fixed resistance for the earlier phase of sports centres ([Report 393/21](#) refers) and as part of the award suppliers were informed that they would be utilised for future projects given the need for technical compatibility and consistency of offering to customers across ANGUSalive's facilities. Life Fitness & Indigo Fitness were the successful bidders from the evaluation process. These suppliers have a positive track record of value solutions across the industry and an extensive assessment was carried out before any contracts were awarded. There is a significant benefit to bACTIVE members from the same equipment appearing across each venue as they know how to use it and this equipment links into the supplier's digital platforms, so customers only have to use one system.
- 5.3.4 The sourcing strategy for café furniture at Montrose Sports Centre, Carnoustie Sports Centre and Monikie Country Park (estimated value £18,000) will utilise the quick quote process through Public Contracts Scotland.
- 5.3.5 As part of ongoing monitoring arrangements between the Council and ANGUSalive, performance information will be examined to ensure the return on the £1.358m investment is being achieved in line with ANGUSalive's business case and expectations of the Council.

5.4 Going Concern Update

- 5.4.1 Part of the year-end process for ANGUSalive's accounts is the completion of a going concern assessment which is undertaken by ANGUSalive's Finance support and reviewed by ANGUSalive's external auditors as part of the year-end audit process. This assessment looks at whether ANGUSalive can meet their known and predictable liabilities over a 12-month period to confirm that it is appropriate for their accounts to have been prepared under the going concern basis of accounting.
- 5.4.2 The assessment must cover the 12 months following the date at which it is expected the accounts will be signed by the Board and the auditors. For the 2021/22 accounts this period is effectively 1 October 2022 to 30 September 2023.

- 5.4.3 The assessment is founded on a detailed review of cash flows over the 2 financial years 2022/23 and 2023/24 and is therefore inevitably based on several assumptions. The review by the auditors considers these assumptions to determine the reasonableness of the basis of the going concern assessment.
- 5.4.4 These cash flows exhibit peaks and troughs over the period, which can largely be managed within existing ANGUSalve resources. There are points however where it is indicated that this would not be the case without the underlying Council support package which is currently approved up to 31 March 2023.
- 5.4.5 As part of their review of the going concern assessment, ANGUSalve's auditors will again require a letter of comfort from the Council's Director of Finance regarding the ongoing support of the Council, both in terms of continuing to pay the annual management fee and the Council support package measures.
- 5.4.6 To allow the Director of Finance to sign the letter of comfort with appropriate authority, this report requests the Council approve certain extensions to the support package as well as the Director of Finance's delegated authority to implement them as necessary, subject to the provision of the latest financial performance, projections, and cash flows.
- 5.4.7 The following update is therefore provided for those support package measures:

- Flexibility on the timing of management fee payments

The Director of Finance has delegated approval (Report 220/21 refers) to alter the normal quarterly schedule of Management Fee payments, where this is required to support ANGUSalve's cashflow requirements. This delegation is in place until 31 March 2023.

It is not currently anticipated that this flexibility will require to be utilised in the current financial year.

It is though requested that both this measure and the Director of Finance's delegated authority to implement it be extended to 31 March 2024.

- Loss of income funding

£265,000 was received in funding from the Scottish Government's loss of income scheme and this remains held within the Council's COVID-19 Contingency Reserve.

This was received specifically in relation to ANGUSalve and would therefore be the first funding utilised where ANGUSalve needs support in the form of additional funds and not just a re-profiling of management fee payments.

The Director of Finance has delegated approval to pay these funds to ANGUSalve should the need arise (this was approved in Report 220/21 and is in place until 31 March 2023).

It is anticipated that access to these funds in full will be required to support the cash flow in 2022/23.

It is though requested the delegated authority of the Director of Finance to pay these funds to ANGUSalve be extended to 31 March 2024 to allow access to those funds should they ultimately not be required in 2022/23.

- 2020/21 budget savings

£458,000 of management fee budget savings that were delivered in 2020/21 have continued to be set aside to support ANGUSalve cash flow if needed as the company continues to recover from the impacts of the pandemic. This would be used to top up the Management Fee as required.

The Director of Finance has delegated approval to pay these funds to ANGUSalve should the need arise (this was approved in Report 220/21 and is in place until 31 March 2023).

It is not anticipated that a request will be made to access these funds in the current year, however the cash flow forecast for 2023/24 indicates points in the year where this support measure might be called upon.

It is therefore requested that this measure and the Director of Finance's delegated authority to implement it be extended to 31 March 2024.

5.4.8 The existence of these support measures throughout the period of the going concern assessment is a critical factor in the conclusion reached by ANGUSalve's Finance support.

5.4.9 Any use of these delegated powers will be reported to members in future update reports.

6. FINANCIAL IMPLICATIONS

6.1 Assuming members agree to baseline the venue operating hours specified in this report, this will form the basis of the opportunity for members to decide if they wish to take the £633k savings relating to vacant posts as part of the forthcoming 2023/24 budget setting process. The saving for the Council would be achieved by reducing the level of management fee support and that would be in line with the Business Insights/ scenario planning exercise currently being considered by all Council services.

The target saving for ANGUSalve in the Council's Change Programme for 2023/24 is currently £210k, and this could be increased to reflect the savings emerging from baselining the venue opening hours, along with the other initiatives where savings have been identified (see table below).

Further target savings of £500k are in the Change Programme for the following year 2024/25, and this approach is predicated on making progress with the various initiatives emerging from the transformation programme and the future strategic direction of ANGUSalve.

Members are reminded that there is provision in reserves and lost income from covid reserves totalling £723k should ANGUSalve require support to mitigate the risk of an income gap prior to income targets returning to a pre covid position. With the £1.3m investment in equipment taking place during 2022/23, it is anticipated that this will also start to have a significant mitigating impact and support revenue growth going forward into 2023/24 and future years.

6.2 The financial implications arising should all the proposals summarised at paragraph 5.2.2 be approved are as set out in the table below.

Proposal	Description of Financial Implications	Financial Implication Value for the Council (£000)
Permanent integration of Arbroath Library/ ACCESS Services	Approval of this element would result in a small saving of £8,000 for ANGUSalve by removing a currently vacant post. This is a balancing figure only and the actual cost of providing this service is much greater and has been redistributed to allow for greater opening hours of libraries across Angus as outlined in Appendix 2. Property related financial implications (savings) relating to this proposal are noted in section 6.4 below.	8 Saving option as part of 2023/24 budget setting considerations

New approach to Digital Training Services	Approval of this element would result in a saving in staff costs for ANGUSalive of £70,017. This would be offset by a reduction in income of £6,370 resulting in an overall net saving of £63,647.	64 Saving option as part of 2023/24 budget setting considerations
Updated Venue Operating Hours	The basis of the saving which could be achieved by the Council baselining the venue opening hours as set out in this report would be related to the current ANGUSalive vacancy budget revenue value of £633k, commencing in 2023/24.	633 Saving option as part of 2023/24 budget setting considerations

- 6.3 In respect of the procurement of equipment as detailed at section 5.3 above, this will be fully funded from ANGUSalive's Renewal & Repair (R&R) Funds which have been built up using annual net income since the company began operating in December 2015.

At 31 March 2022 there is a balance on the R&R Funds totalling £2,321k. Some £912k of this is already held on the Angus Council balance sheet to be utilised at the direction of ANGUSalive, with the remaining £1,409k retained on the ANGUSalive balance sheet until required.

The procurement proposed at section can 5.3 can be contained within the funds already held by the Council for this purpose.

- 6.4 In terms of the property related revenue costs associated with running the ACCESS services from the Old Parish Church building in Kirk Square, the Council currently budgets (within the Strategic Policy, Transformation & Public Sector Reform Directorate) for c£30k to cover maintenance, utilities and common good rent (£14k of the aforementioned budget). ANGUSalive also pay c£12k in non-domestic rates as these ACCESS service operations are not charity related. If members agree to the combined ACCESS/ Library integration at the library facility, the overall saving available across both organisations would be c£42k, with first full year in 2024/25. The one-year transition period (as per Common Good Policy Report 138/21) between Council General Fund to Common Good would conclude in September 2023 therefore a pro-rata part year saving could also be achieved in 2023/24. These potential savings would form part of the Service Contraction budget proposals included elsewhere in the Council's budget considerations and have therefore not been included in the above table.

If no alternative occupancy is in place by September 2023, the Arbroath Common Good Fund would lose the £14k annual rent from that point until a new tenant or other solution is secured. The Common Good would also be liable for the property costs albeit these are considered to be minimal at this stage as the building is considered to be in good condition and would not be using utilities while vacant. Being a category B listed building, there would also be no liability for non-domestic rates while being vacant.

The Arbroath Common Good currently attracts c£86k annual income (2021/22 unaudited annual accounts refer) from its various rent agreements, and it is considered that this reduction of £14k or 16% (full year effect) would be manageable. This potential annual income reduction is also against a backdrop of Arbroath Common Good having an unaudited £452k available revenue balance as at 31 March 2022. Officers will also be exploring new options for using the property to mitigate the impact of this proposed change as part of its ongoing work in relation to its Place Based Strategy engagement work with the Arbroath community, as noted earlier in this report.

- 6.5 There will be financial implications attached to other elements of the Transformation Programme and these will be identified as each element progresses. These implications will be reported to the Communities Committee as part of future update reports and as each element is presented for Council consideration and approval.

6.6 There is provision within the Council's Capital Plan to support the progress of design development for improvements relating to Arbroath Library/ ACCESS services being integrated in the library building.

7. OTHER IMPLICATIONS

7.1 Property Implications

7.1.1 The Old Parish Church building in Kirk Square, Arbroath, which forms part of Arbroath Common Good, would be vacated by ANGUSalve following the process set out in the Licence to Occupy following approval of the Arbroath Library & ACCESS services proposal. The property would return to Angus Council for managing as a Common Good asset as described in sections 5.1.4 and 6.4 above.

7.2 Staffing Implications

7.2.1 If members agree to the proposals set out in section 5.2.2 above, the decision will only be finalised once consultation with the employees affected by the proposals has been undertaken. The Director of Strategic Policy, Transformation & Public Sector Reform will bring a report back to the Communities Committee if the consultation leads to new issues emerging that have not previously been considered and requires amendment to the proposals detailed in this report.

7.2.2 If following the employee consultation there are no amendments to the proposals, the Council's policy on managing redundancy would be followed to implement any related staffing reduction and using such measures as redeployment and the use of the Early Retirement/Voluntary Redundancy (ER/VR) Scheme where applicable. These, and every other alternative option would be explored to avoid the need for compulsory redundancies.

7.3 Risk

7.3.1 Without the interventions through the ANGUSalve Transformation Programme and its ongoing development as part of ANGUSalve's business planning process, there is a high risk that ANGUSalve would not be able to continue as a 'going concern' and the business case benefits of the ALEO approach would be lost, along with significant financial implications that the Council would have to address in that scenario (e.g. TUPE transfer back of staff).

8. EQUALITIES IMPACT/ FAIRER SCOTLAND DUTY ASSESSMENTS

8.1 An Equality Impact Assessment has been carried out and is attached relating to the proposals under consideration in section 5.2.2 above.

9. CONSULTATION

9.1 The Council Leadership Team (CLT) have been consulted in the preparation of this report. ANGUSalve have provided the information which has been included in the Appendices and EIAs for this report.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- [Report 181/22](#) – ANGUSalve: Update (Council, 30 June 2022)
- [Report 108/22](#) – ANGUSalve: Update (Council, 10 March 2022)
- [Report 61/22](#), [Annex 1](#), [Annex 2](#) and [Annex 3](#) - ANGUSalve Charges Review and Budget Settlement 2022/23 (Council, 3 March 2021)
- [Report 38/22](#), [Appendix 1](#) – ANGUSalve: Update (Council, 10 February 2022)
- [Report 393/21](#), [Appendix 1](#) and [Appendix 2](#) - ANGUSalve: Update (Council, 16 December 2021)

- [Report 283/21](#), [Appendix 1](#) and [Appendix 2](#) – ANGUSalve: Update (Council, 17 September 2021)
- [Report 220/21](#), [Appendix 1](#) and [Appendix 2](#) – ANGUSalve: Update (Council, 24 June 2021)
- [Report 105/21](#) – ANGUSalve: Update (Council, 18 March 2021)
- [Report 67/21](#), [Appendix 1](#) – ANGUSalve Charges Review and Budget Settlement 2021/22 (Council, 4 March 2021)
- [Report 36/21](#), [Appendix 1](#) – ANGUSalve: Update (Council 11 February 2021)
- [Report 334/20](#), [Appendix 1](#), [Appendix 2](#) and [Appendix 3](#) – ANGUSalve: Update (Council, 17 December 2020)
- [Report 272/20](#), [Appendix 1](#), [Appendix 2](#) and [Appendix 3](#) – ANGUSalve: Update (Council, 5 November 2020)
- [Report 224/20](#), [Appendix 1](#) and EIA – ANGUSalve: Update (Council, 10 September 2020)

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List of Appendices:

Appendix 1 – Arbroath Library/ ACCESS Survey Results

Appendix 2 – Updated Venue Operating Hours

Appendix 3 – Sports Centre Investment Overview

Appendix 4 – Equalities Impact Assessment for Permanent integration of Arbroath Library/ ACCESS Services

Appendix 5 - Equalities Impact Assessment for New approach to Digital Training Services

Appendix 6 - Equalities Impact Assessment for Updated Venue Operating Hours