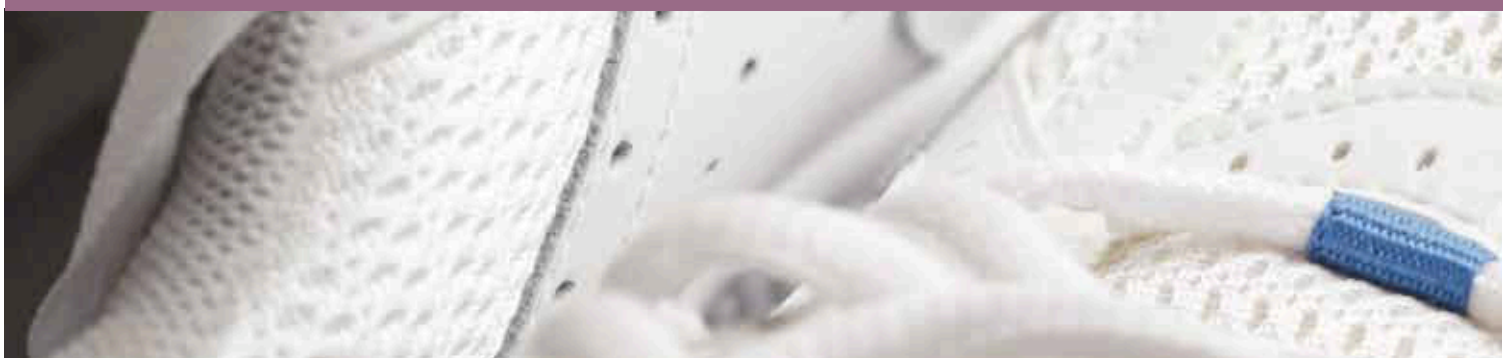


Key messages

# Physical recreation services in local government



Prepared for the Accounts Commission  
October 2010



# The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit, including the audit of Best Value and Community Planning
- 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.

The Commission secures the audit of 32 councils and 44 joint boards and committees (including police and fire and rescue services).

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

# Key messages

## Background

**1.** Scottish councils have a legal duty to ensure adequate provision of facilities for recreation and sport.<sup>1</sup> Physical recreation services include a wide range of facilities and activities such as parks, cycle tracks, swimming pools, and football and dance classes.

**2.** Some services are directly provided by councils themselves, while others are delivered on behalf of councils by a variety of arms-length and external organisations (ALEOs).

**3.** People living in Scotland have among some of the highest levels of obesity and rates of coronary heart disease in Western Europe. Managed effectively, physical recreation services can help councils to improve the well-being of their communities, and address a range of issues including children's health and health inequalities.

**4.** 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.

**5.** The Scottish Government's physical activity strategy sets out targets for increasing levels of physical activity. It aims to increase the proportion of all adults meeting the minimum recommended level of physical activity to 50 per cent by 2022.<sup>2</sup> Currently, less than half of men and only around a third of women in Scotland are taking the recommended amount of exercise each week.<sup>3</sup>

**6.** In common with other council activities, physical recreation services are facing 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

**7.** We 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.

**8.** We explored councils' links with ALEOs, but did not try to compare different models of service delivery or consider which is best. Arrangements used to deliver services 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.

## Key messages

**1** Physical recreation services are provided through a wide variety of arrangements, including direct council delivery and an increasingly common use of arms-length and external organisations (ALEOs).

**9.** Councils have a major role in physical recreation services, and are responsible for almost 60 per cent (6,675) of Scotland's 11,528 sport and recreation facilities.<sup>4</sup> The remainder are the responsibility of the private sector, sports clubs or other providers, such as the Ministry of Defence and universities (Exhibit 1, overleaf).

**10.** The number of ALEOs has increased by almost 50 per cent in the last decade, and 23 of Scotland's 32 councils use a total of 44 ALEOs to deliver some or all of their physical recreation services. The remaining nine councils provide all their physical recreation services themselves.

**11.** The use of ALEOs involves the transferring of public funds from the direct control of the council to the ALEO. The types of ALEOs providing physical recreation services range from leisure trusts set up by councils to manage all or some of their services, to smaller community-led businesses which are often set up by volunteers (see paragraphs 21 to 24 in the main report).

**12.** 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 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.

1 The Local Government and Planning Act (Scotland) 1982.

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

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

4 sportscotland facility planning estimates, 2009.

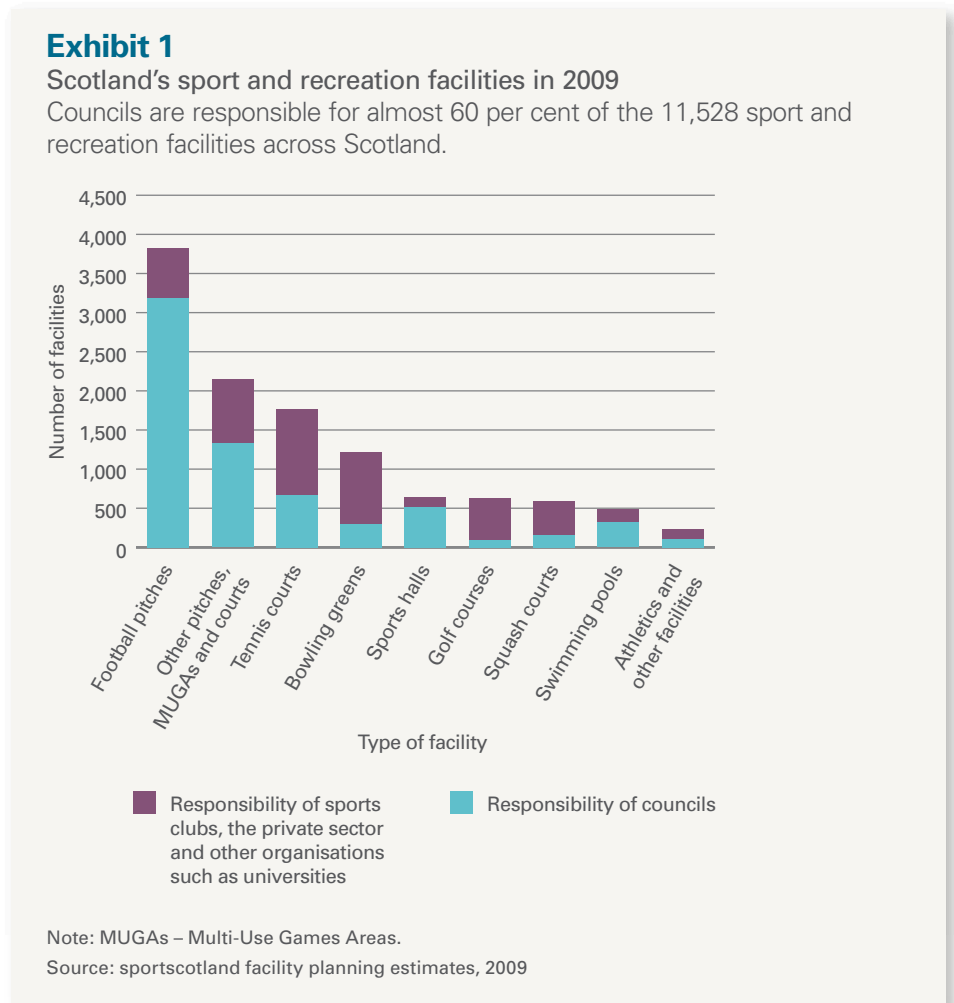
**13.** The voluntary sector also plays an important role in physical recreation through organising a variety of community-based activities, including sports clubs and coaching. All councils use the voluntary sector to deliver some services, such as healthy living projects, on their behalf.

**2** Councils have broadened their emphasis from a traditional focus on sport to also 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 and specific and measurable targets.

**14.** Since the 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 get regular exercise through a wider range of activities, such as walking or cycling. At the time of the audit, 27 councils had physical recreation strategies in place and in most cases there was a single strategy covering both sport and physical activity (see paragraphs 27 to 34 in the main report).

**15.** 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.

**16.** Single Outcome Agreements (SOAs) represent one of the main frameworks for partnership working in Scotland and 23 of the 32 SOAs include a focus on raising levels of physical activity. However, a lack of baseline information within SOAs, or the strategies that support them, 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.

**17.** Councils are working in partnership with the NHS to help people become more active to

improve their health. Historically, this has been developed through community planning arrangements, and in most councils there are good links between physical recreation strategies and planning for wider health improvement.

**18.** There is scope for partnership working to be strengthened beyond the NHS, such as linking physical recreation with transport strategies to ensure that the local transport infrastructure supports cycling, walking and other active forms of travel.

**19.** A small number of councils in more rural areas have developed partnerships with the private sector to improve access to gym or swimming facilities for residents. There is potential for other councils to develop better links with the private sector in some areas.

**20.** Most councils providing services directly, lack awareness of the local market, including the demand for current services, the potential demand for new types of services and how much people might be willing or able to pay for services. Better-quality data on such issues would help councils to understand the needs of their local communities, and to plan and manage services more effectively.

**21.** All councils have a named committee that deals with physical recreation services. There is limited scrutiny of financial or service performance. During 2009, only three committees received reports on progress towards their strategic objectives, and in 12 committees no service performance information was provided at all.

**22.** Where ALEOs operate, nominated councillors will typically sit on their boards, with this often being seen as an opportunity to ensure council funds are being used effectively. The responsibilities of councillors on ALEO boards include acting in the interests of the ALEO and councillors need to be aware of the potential for conflicts of interest that could limit their scrutiny role.

**3** 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.

**23.** In 2008/09, councils and ALEOs collectively spent around £656 million on physical recreation services. This was made up of £133 million (20 per cent) capital expenditure and £523 million (80 per cent) revenue expenditure.

**24.** 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.

**25.** In the five years between 2004/05 and 2008/09, council spending on physical recreation services grew by four per cent in real terms, compared with larger increases in other service areas such as social work and housing. This indicates that local government priorities and pressures may lie elsewhere (Exhibit 2).

**26.** The £133 million of capital spending in 2008/09 represented a 54 per cent cash increase over three years, reflecting investment in new and upgraded facilities. However, in 2009, around a quarter of council-owned swimming pools and leisure centres remained in poor condition.<sup>5</sup> Councils need to develop long-term capital investment strategies for physical recreation services which include 'whole-life' costs such as maintenance and refurbishment.

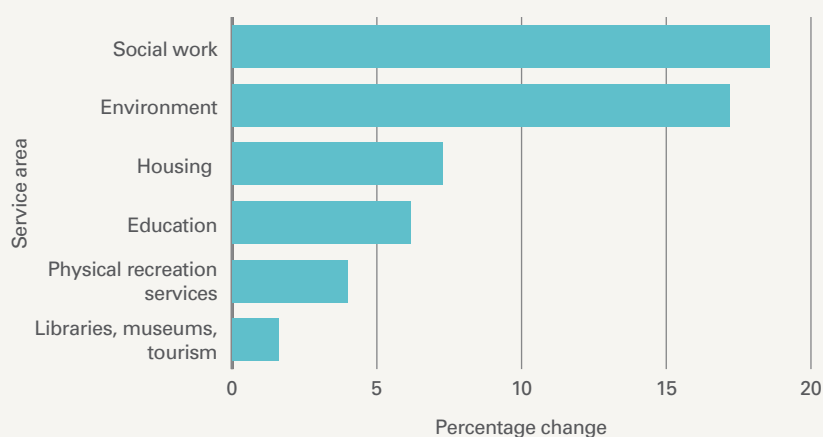
**27.** Councils' total spending on physical recreation services (ie, including income) ranges from £60 per head of population in Eilean Siar and £64 in Aberdeenshire, to £130 in Glasgow (Exhibit 3, overleaf).<sup>6</sup>

**28.** 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).

## Exhibit 2

### 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>5</sup> *Asset management in local government*, Audit Scotland, May 2009.

<sup>6</sup> Shetlands Islands Council is not included in this range, due to the particular funding arrangements that are in place. Details are provided at Exhibit 3, overleaf.

**29.** Councils need a better understanding of how the money spent on physical recreation services is helping to achieve their 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 (see paragraphs 66 to 69 in the main report).

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

- £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).

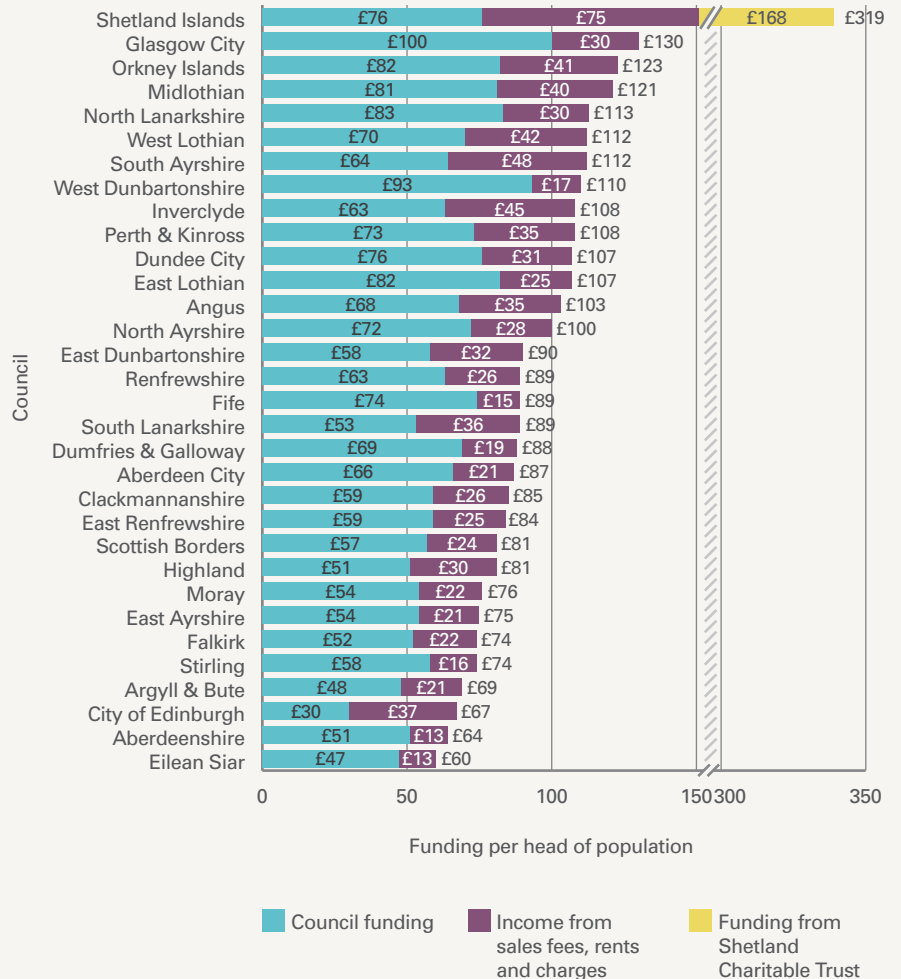
**31.** Of the 39 ALEOs operating in 2008/09, 24 were leisure trusts, and were responsible for around 98 per cent of the total amount spent. The remaining 15 ALEOs were smaller community-led businesses and we did not conduct any detailed analysis of their individual funding arrangements.

**32.** While most leisure trusts made a surplus in 2008/09 (averaging around four per cent), seven reported an operating deficit. However, this should

**Exhibit 3**

**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:**

1. 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.
2. 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



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 any future reductions in public spending.

**4** Attendance is increasing and customer satisfaction is generally high. However, councils and ALEOs lack information about the people who are not using services and the reasons why, and have limited evidence of the impact their services make on increasing the number of people getting enough exercise.

**33.** Councils have put performance management arrangements in place for physical recreation services. Three-quarters carry out benchmarking through various networks and a similar proportion have a quality assurance framework in place such as QUEST<sup>7</sup> or Chartermark but these vary in scope. The same number also collect a range of performance information but this varies significantly between councils.

**34.** The variation in existing information makes it difficult to provide an overall picture of performance across Scotland. It also does not always allow councils to demonstrate the impact of their services on increasing the number of people getting enough exercise.

**35.** Data that do exist show that between 2006/07 and 2008/09, attendance levels at indoor facilities and swimming pools increased by 14 per cent and three per cent respectively.<sup>8</sup> In 2007/08, just over three-quarters of respondents in the Scottish Household Survey said they had access to a gym or sports hall, outdoor sports pitch or swimming pool, within 20 minutes of their home by either foot or public transport.<sup>9</sup>

**36.** Councils and ALEOs report customer satisfaction to be high and all report using some form of customer survey to gather the views of people using their physical recreation services. The 2007/08 Scottish Household Survey found high levels of satisfaction among users of council's sports and leisure facilities, with 83 per cent of the people they interviewed stating they were 'satisfied' or 'highly satisfied'.

**37.** However, 60 per cent of respondents to the same survey said they had not used a council sport or leisure facility during the previous year, or at all, and in 2008 less than half of men and only around a third of women are getting the recommended amount of exercise each week.<sup>10</sup>

**38.** Councils and ALEOs lack good information about people who are not using their services and the reasons why. Better information about these groups could help councils to set priorities, develop more effective pricing policies and target priority groups (see paragraphs 101 to 103 in the main report).

**39.** Councils have limited evidence of the impact their services make. For example, they 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 looking at the change each year. This allows councils to see trends and set meaningful local targets.

### 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 conflicts of interest that might arise
- closely monitor the impact of reductions in public spending on plans for investing in leisure assets and 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.

7 A UK-wide scheme for quality in sports and leisure facilities.

8 Statutory Performance Indicator numbers 1 & 2, Accounts Commission, 2008/09.

9 Culture and Sport module 2007/08, Scottish Government, 2009.

10 The Scottish Health Survey 2008, Scottish Government, 2009.

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Audit Scotland, 110 George Street, Edinburgh EH2 4LH  
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