

REPORT OF Head of Legal and Governance & Monitoring Officer
To: Full Council
Subject: Governance Review Active Torridge
Date: 14th October 2024 **Reference:**

PURPOSE OF REPORT:
Review the governance arrangements of Active Torridge

1. INTRODUCTION

In August 2021 consideration was given to the various options in respect of the future delivery of leisure services within Torridge, as the previous leisure contract was due to end in March 2022.

Members resolved to have an in-house provision of leisure services through a Local Authority Trading company.

Members will recall that this decision was made for a variety of reasons and at that time the leisure market was uncertain as it recovered from the Covid-19 pandemic. It was acknowledged at that stage that the Council's leisure asset would require significant investment over the next 5-10 years.

A budget of 250k was approved for costs associated with £770k set aside for a leisure reserve fund.

2. REPORT

Officers proceeded to set up the Local Authority Trading Company as Active Torridge, and the Board of Active Torridge was agreed as follows:-

Steve Hearse – Chief Executive;
Sean Kearney – Head of Communities and Place;
Cllr Ken James (Leader of TDC)
Cllr Lyndon Piper (Lead Member for Leisure);
Cllr Bob Hicks (Chair of C and R);
Cllr Cheryl Cottle-Hunkin (Lead Member for Culture and Communities)
Judith Gentry (Non-Executive Director).

The Head of Legal and Governance and the Finance Manager and S151 Officer remained independent to represent the Council's best interests.

Members resolved that the key priority was to keep all leisure centres open, namely Northam, Torrington and Holsworthy and agreed a Contract for a period of 3 years with the option to extend for a further period of 2 years. Performance indicators were flexible a to give Active Torridge adequate time to bed in and establish if membership numbers would return to pre-pandemic levels.

Active Torridge reported to positively to External Overview and Scrutiny Committee and membership levels had returned to pre-pandemic levels.



The current contract is now well into its third year and Active Torridge have now written confirming they wish to extend the Contract by a further two years to 31st March 2027 as allowed for within the Contract.

Indications are that service users have been very satisfied with the service that has been provided and Torridge have received very few complaints (if any) in respect of either the facilities or the services that have been provided since the time that Active Torridge have been running the leisure services.

As the company is now in its third year, The Council's Audit and Governance Committee resolved that now was an opportune time to review the current situation from Torridge District Council's point of view.

We therefore commissioned an independent review into the government arrangements of Active Torridge which found the following:

- Active Torridge has exceeded financial expectations.
- The Directors of Active Torridge come from a strong public service background and the Non-Executive Director was appointed following a rigorous recruitment process.
- The company has clear Articles of Association which complies with The Companies Act 2006.
- The Council and Active Torridge have a signed Leisure Operating Contract based on Sport England's Leisure Services Delivery Guidance, which covers all aspects of service delivery, asset maintenance insurance, employment, health and safety and lease arrangements.
- Active Torridge has completed its statutory requirements.
- The Board reports to and receives feedback from the Council.
- The Board is open about financial performance with the Council.
- Active Torridge's aims are based on improving social value and contributing towards the health and wellbeing of Torridge residents (in line with the Strategic Plan).

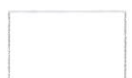
Additionally Active Torridge have a clear audit plan covering key areas within the business including:-

1. Accounting and budgetary control;
2. Procurement;
3. Debtors;
4. Payroll;
5. Payment and cash management;
6. Arrangements for selling goods;
7. Safeguarding;
8. Recruitment and training;
9. Facility management;
10. Health and safety;
11. Data protection;
12. ICT;
13. Internal audit

3. IMPLICATIONS

Legal Implications

The Council has undertaken legal due diligence in relation to setting up Active Torridge.



The company has clear Articles of Association which comply with the Companies Act 2006. They include procedures for the appointment, and resignation of directors, procedures for meetings and decision making, voting at meetings, communications and membership rules.

The Council and Active Torridge have signed a Leisure Operating Contract which covers all aspects of service delivery, the allocation of legal responsibility for the key areas such as asset maintenance, insurance, employment, health and safety and leasing arrangements.

The Active Torridge Board are aware of its legal responsibilities regarding key areas such as financial management, employment of staff and health and safety.

Active Torridge has completed all of its statutory requirements up to July 2024 and has provided information to Companies House.

Financial Implications

Up until this point Active Torridge has exceeded expectations. Further implications for the Council are covered in the Finance Manager's report separately however, the Active Torridge Board has effectively managed the finances since its inception and has been working within budgets and has over performed in this regard.

The Active Torridge Board scrutinises quarterly financial reports and is a standing item on Board meeting agendas.

Risk Management

The Boards approach to risk management is continuing to develop. The Board have a comprehensive risk register which covers key areas including finances, health and safety, safeguarding, human resources, business continuity and property risks. Risks are rated in terms of impact and likelihood and every risk has a Board Director assigned to it.

Human Resources Implications

The employment and staffing arrangements for Active Torridge are fundamentally sound. The staff of Active Torridge were transferred over via TUPE from the previous operator in 2022. The Board of Active Torridge recognise the important of staff within the service and is taking steps to improve the staffing arrangements since taking over. They have active HR initiatives including reviewing the terms and conditions with no zero hour appointments, reviewing holiday and sick pay for all staff with the introduction of local government cost of living pay awards.

They have workforce development and have linked with schools at Holsworthy and Torrington to create work experience, and post 16 education routes.

They are investing in staff training with all staff signed up to a training platform.

They have external training support and have invested in CIMPSA training.

Active Torridge are also preparing a HR strategy to recruit, retain and develop the workforce. HR is a standing item for Board Meetings.

Sustainability/Biodiversity Implications

N/A



Equality/Diversity

Torrige District Council have a commitment to equality and diversity to meet our obligations under the Public Sector Equality Duty and to promote cohesion within our community. Active Torridge are required to follow, and have Policies that mirror the Council's in this regard.

Data Protection (GDPR) Implications

N/A to this report however Active Torridge are compliant in this regard and have this data protection as an ongoing audit requirement.

Climate Change

Covered at Item 10 on the Agenda

4. CONCLUSIONS

This is a positive start for Active Torridge with no significant risks, or failings identified. Active Torridge has a good record of controlling the finances, and has overperformed financially with positive membership levels meaning they are at capacity.

Good governance arrangements are in place with no areas for concern.

Going forward it is recommended that:-

- The leisure contract defines required strategic objectives. This can be included when the contract expires in 2027.
- Data capture and performance management is developed to measure progress against the council's desired outcomes from the service.
- Active Torridge consults with service users and non-users in the District to ensure comprehensive stakeholder engagement.

5. RECOMMENDATIONS

Members note the positive governance review

SUPPORTING INFORMATION

Consultations: Officers Consulted
Senior Management Team

Contact Officer: Staci Dorey

Background Papers: Report Recommendations



2.9	Key Good Governance Features (CIPFA)	Active Torridge Status
1	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<ul style="list-style-type: none"> • Board has strong ethical values • Adherence to company law.
2	Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> • Good stakeholder engagement internally and with the Council • Active Torridge does not systematically consult with service users and non-users in the district.
3	Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Leisure contract does not define required strategic objectives • Data capture and performance management insufficiently developed to measure progress against desired social outcome from the service.
4	Determining the interventions necessary to optimise the achievement of the intended outcomes	<ul style="list-style-type: none"> • Data capture and performance management insufficiently developed to measure progress against health and wellbeing outcomes to assess impact of interventions or inform new interventions.
5	Developing the entity's capacity, including the capability of its leadership and the individuals within it	<ul style="list-style-type: none"> • The Board is actively working to improve capacity particularly amongst staff and a potential fourth centre. • Lack of a medium/long term contract limits the Board's ability to plan for the future and undertake longer term investment.
6	Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> • Good track record of controlling finances. • Active Torridge has over performed financially (2023-24) • Risk management is developing.
7	Implementing good practices in transparency, reporting and audit to deliver effective accountability.	<ul style="list-style-type: none"> • Board meetings and decisions transparent with director accountability for specific actions

2.9	Key Good Governance Features (CIPFA)	Active Torridge Status
		<ul style="list-style-type: none">• Full programme for internal audit in place.