
LIVE BORDERS – JOINT TRANSFORMATIONAL CHANGE PROGRAMME PROGRESS UPDATE

Report by Director – Resilient Communities

Scottish Borders Council

28 March 2024

1. PURPOSE AND SUMMARY

- 1.1. This report sets out progress made in delivering the Joint Transformational Change Programme, adopted by Council on 23 November 2023, to deliver high quality sport, leisure and cultural services, now and into the future, through a high performing and financially sustainable partnership with Live Borders. It recommends that the Council provides a further £600k of funding for 2024/25 to enable Live Borders to become a real Living Wage employer from 1 April 2024 in alignment with the Council.**
- 1.2. This is the first progress report since the Joint Transformational Change Programme was approved in November 2023, and commenced in January 2024.
- 1.3. The current areas of work within the programme are set out in Appendix 2 and Appendix 3. Appendix 2 includes a brief description of the objective of each project (as approved at November Council); whilst Appendix 3 gives a snapshot of progress and the indicative timeline of the programme. Each project has a start and end date with a Red, Amber or Green status. Section 4 of this report sets out key highlights since the programme commenced in January 2024, with nine projects expected to largely complete by the end of March 2024.
- 1.4. A monthly financial checkpoint has been incorporated into the programme to review its financial health, monitor alignment to delivering its vision and facilitate early intervention from the Executive Board as appropriate.
- 1.5. As the transformation work progresses, Live Borders continues to face significant financial pressures. The Council, in setting its budget for 2024/25, has provided an additional one-off £1m financial support,

increasing the management fee to take account of the continuing high energy costs. A further request for support in 2024/25 has now been received and the report proposes that a further £600k is provided to enable Live Borders to pay its employees both the real Living Wage (£12 per hour) from 1 April 2024 as well as an assumed 3% pay increase for all other staff groups. As well as being important to help retain employees, this is seen as a critical mandatory requirement of the Scottish Governments Fair Work First Policy, which is aimed at driving high quality and fair work across the labour market in Scotland. The Scottish Government have confirmed that all of its grant programmes will require to comply with the Fair Work First conditions from April 2024.

- 1.6. Given the continuing significant financial challenges, it is imperative that areas of the programme which are most likely to deliver financial benefits are taken forward at pace. Due to resource constraints, including around the necessary expertise and knowledge, this may mean some projects which are only aiming to deliver low or no financial savings are de-prioritised. Recognising the level of work required continues to be significant, this report acknowledges that appropriate resource and additional financial support will be required to support the transformational change programme. In particular, the project to conduct a detailed options appraisal and develop future sustainable service delivery options in collaboration with our communities and key stakeholders (P7) is being prioritised. This links to other areas of the programme and parallel pieces of work, including the Estates Optimisation and Rationalisation Strategy also being presented to Council on 28 March 2024.
- 1.7. Council will be updated on progress being made with the transformational change programme on a regular basis via reporting at key points during the programme with the next update expected by the end of June 2024.

2 RECOMMENDATIONS

2.1 I recommend that the Committee:-

- a) Notes the Joint Transformational Change Programme Progress Report and the progress made;**
- b) Notes the work of the Joint Transformational Change Programme Executive Board and Joint Officer Group;**
- c) Approves the allocation of £600k from any underspends at year end in the first instance, and that any residual funding requirement to provide the balance of £600k will be met from Council Reserves to provide Live Borders the funding to enable them to pay its employees the real**

Living Wage from 1 April 2024 and an assumption of a 3% pay award for all other staff groups;

- d) Delegates authority to the Director of Finance & Procurement to provide a further letter of comfort to Live Borders' external auditors, confirming the Council's ongoing financial support for Live Borders to ensure they remain solvent and a going concern; and**
- e) Agrees that Council continues to be updated on the joint transformational change programme at key points, with the next update expected by the end of June 2024.**

3 BACKGROUND

- 3.1 In partnership, Scottish Borders Council and Live Borders are responsible for delivering a broad range of valued culture, sport and leisure and community services in towns and communities across the Scottish Borders, found in Appendix 1.
- 3.2 The Live Borders Trust arrangements were originally established in 2003 (with the formation of Borders Sports and Leisure Trust). The services delivered have been expanded over the years, including the addition of cultural and community services in 2016, community sports provision at a number of schools and the addition of the Great Tapestry of Scotland Visitor Centre in 2020.
- 3.3 In March 2023, in response to challenges and continuing financial pressures faced by Live Borders, Council
- provided Live Borders with additional financial support of £550k for the financial year 2022/23
 - removed the planned reduction in management fee for the financial year 2023/24, thus providing further support to the trust of £246k
 - agreed a Joint Strategic Review be commissioned with the aim of strengthening and improving both the partnership and service delivery arrangements to ensure that they are sustainable in the long term and meet the needs of Borders service users.
- 3.4 In November 2023, on conclusion of the Joint Strategic Review, Council agreed a Joint Transformational Change Programme; and agreed
- the consolidated set of recommendations, detailed in Column D "Recommendation to Council" in Appendix 2
 - to strengthen its strategic partnership with Live Borders, through revised governance arrangements, Service Provision Agreement and Performance Monitoring Framework
 - the existing Executive/Board Liaison Group be expanded with additional representatives from both organisations to oversee delivery of the joint transformational change programme, supported by the Joint Officers Group
 - that Council was further updated on the Joint Transformational Change Programme at key points, with the first update expected around the end of March 2024.
- 3.5 In December 2023, based on the financial pressures being forecast by Live Borders for 2023/24, Council approved an allocation of £1.5m from Council Reserves and a letter of comfort to Live Borders' external auditors, confirming the Council's ongoing financial support for Live Borders to ensure they remain solvent and a going concern. To date, £1m of this commitment has been provided to Live Borders during 2023/24. The remaining £0.5m will

be transferred to Live Borders to support its 2024/25 financial position.

- 3.6 In February 2024, Council agreed additional scoping works be undertaken on some of the Live Borders operated sporting facilities that were temporarily closed to complete planned electrical inspections.
- 3.7 On 29 February 2024, in setting its budget, Council agreed to increase the management fee provided to Live Borders for 2024/25 by £1m on a one-off basis to reflect the ongoing sustained pressures relating to energy costs.

4 PROGRESS

- 4.1 This report forms the first Joint Transformational Change Programme progress report setting out progress made across all thirty-four actions approved at November Council and detailed in the programme board, found in Appendix 3.
- 4.2 Reinforcing both organisations' commitment to its successful delivery and aim to reach a financially sustainable position, a financial checkpoint has been incorporated into the programme. Monthly meetings have commenced between SBC and Live Borders finance teams to review the financial health of the programme, identify whether progress is on target to realise the programme vision of financial sustainability and facilitate early intervention from the Executive Board when appropriate.
- 4.3 As evidenced within the programme board (Appendix 3), twenty-seven projects have commenced and are currently on track; two are on-hold; and five have not yet started.
- 4.4 Of the twenty-seven projects that have commenced, nine are scheduled to deliver their objectives largely by the end of March, when they will be presented to the Executive Board for approval.
- FW5 – SBC to deliver a community engagement support plan to further support communities who wish to consider community asset transfers
 - IG2 – Jointly deliver a review of pricing to better align SBC and Live Borders prices where appropriate
 - IG5 – Jointly deliver a proposal considering admission charges (visitors) for museums
 - IG6 – Live Borders to deliver fund raising targets and strategy
 - IG8 – Live Borders to deliver a review of their One Club scheme
 - OP1 – Live Borders to deliver a business plan and business continuity plan for 24/25
 - OP4 – Jointly deliver proposals for SBC Elected Members on Live Borders Board

- OP5 – Live Borders to deliver a skills audit of Live Borders Trustees and Senior Managers
- P1 - Jointly deliver proposals for maintenance and repairs models

4.5 Two projects are currently on-hold:

4.5.1 IG1 – Explore options around phasing of the Management Fee payments. Through joint discussions, both organisations have agreed to keep the current phasing in place and this project be kept under review.

4.5.2 IG7 - Deliver a proactive social prescribing programme through payment of a grant from the Healthier, Happier, Stronger fund. This fund has now closed, and a strategic cross-sector services forum has been setup to consider Wellbeing Activities across the Scottish Borders with Live Borders identified as a key stakeholder. The status of this project will be kept under review and should not prevent Live Borders pursuing other funding opportunities.

4.6 Particular areas to highlight from the Joint Transformational Change Programme within this reporting period include:

4.6.1 The early stages of development of a Borders-wide sports and physical activity strategy (FW2) initiated in collaboration with strategic partners with agreement to follow Public Health Scotland’s systems-based approach to physical activity - A framework for action at a national and local level to craft the strategy.

4.6.2 Initial discussions have commenced with some key strategic stakeholders to aid the development of a Borders-wide culture and arts strategy (FW3).

4.6.3 Live Borders colleagues based at their HQ in Melrose Road, Galashiels will relocate to the Council’s Newtown St Boswells offices (OP8) from 25 March 2024. This is a positive step as we move forward together with our Joint Transformational Change Programme and will increase usage of our office space and also enable Live Borders to lease their offices and generate income which will help support their financial position.

4.6.4 Conducting condition surveys (P2) across SBC owned and Live Borders operated estate has commenced following the same approach taken across the whole SBC estate, and applying lessons learned.

4.6.4.1 Condition surveys are being resourced in-house with structural surveys commissioned by exception

only (from information gathered through the condition survey) using external contractors.

4.6.4.2 Data has been incorporated from the facility suitability assessments completed by external consultants Alan Jones during the joint strategic review undertaken last summer.

4.6.4.3 To date this project has completed physical surveys for approximately 18% of the Live Borders operated estate with an ambitious deadline estimated to largely complete by the end May 2024 (brought forward from the original completion date of end December 2024, and subject to the receipt of operational data from Live Borders). Priority has been given to the sporting estate.

4.6.5 Successfully delivering a detailed options appraisal (P7) to develop future sustainable service delivery options in collaboration with our communities and key stakeholders is critical to achieving the Joint Transformational Change Programme vision. This project has been prioritised and data gathering has commenced. Other areas of the programme (including (P2) condition surveys) will support this work as it progresses, and this project will remain aligned to the Estates Optimisation and Rationalisation Strategy also being presented to Council on 28 March 2024.

4.7 Work is continuing, via the Joint Officers Group and the Executive Board relating to the Great Tapestry of Scotland and any further recommendations will be incorporated into the transformational change programme and the revised Service Provision Agreement.

5 FURTHER REQUEST FOR FINANCIAL SUPPORT

5.1 Following Council setting its budget, Live Borders Board Finance Committee met on 11 March 2024 to consider its budget for 2024/25. A further request for financial assistance, under the terms of the Service Provision Agreement, has now been received. This is in addition to the £1m one-off increase in the management fee that Council has agreed for 2024/25.

5.2 The request is for £600k and is directly related to the increased costs of the national real Living Wage which from April 2024 is £12 per hour and an assumption of a 3% pay award for all other staff groups. Live Borders currently employ 265 full time equivalent members of staff and although they are not currently an accredited Living Wage employer they have paid their staff the national Living Wage since 2019, which is currently £10.42 per hour. From 1 April 2024 Live Borders is looking to move to the real Living Wage in line with the Scottish Government's policy Fair Work First. This would

also ensure alignment with the Council and Live Borders has confirmed in its request for further financial support from the Council that it is committed to becoming accredited and meeting all the requirements of the Fair Work First Policy.

5.3 Fair Work First is aimed at driving high quality and fair work across the labour market in Scotland and the Scottish Government has confirmed that all of its grant programmes will require grant recipients to comply with the Fair Work First conditions from April 2024. This includes the agencies of Scottish Government such as Sports Scotland. The mandatory elements are:

- payment of the real Living Wage to all employees, including all apprenticeships (this includes trainee psychologists within local authorities)
- providing appropriate channels for effective voice, such as trade union recognition.

Other elements (not yet mandatory but to be encouraged) are:

- investment in workforce development
- no inappropriate use of zero hours contracts
- action to tackle the gender pay gap and create a more diverse and inclusive workplace
- offer flexible and family friendly working practices for all workers from day one of employment
- oppose the use of fire and rehire practice.

5.4 The real Living Wage in addition to a fair pay increase for their employees is an important principle for Live Borders and is essential to attracting and retaining good people to deliver high quality services. There is currently a high turnover of staff, a high number of vacancies and the recruitment environment is highly competitive which is having an impact on service delivery. In paying the real Living Wage and providing a pay increase of 3% to the other staff groups, it is hoped that retention rates improve as well as morale. It is also critical that Live Borders continue to be able to access, and significantly increase, grant income.

5.5 It is proposed going forward that as part of our partnership agreement, and the setting of the management fee, that in terms of budgeting for pay increases that there is a consistent position for both Live Borders and the Council.

5.6 Across Scotland, a significant number of leisure trusts operated as arms length organisations, with the support of the appropriate local authority, are paying, or planning to pay, the real Living Wage and Edinburgh Leisure, with the support of City of Edinburgh Council will be paying the real Living Wage from 1 April 2024.

- 5.7 Council officers have met with both the Chair and Interim Chief Executive of Live Borders to discuss their request and review the budget projections for 2024/25. Whilst there is confidence, based now on robust financial reporting, with the proposed budget there remains significant financial challenges and as expected a minimum level of reserves in place going into the new financial year. As a result, there has been a further request for a letter of comfort from the Council to be provided to Live Borders' external auditors.
- 5.8 Live Borders have a cost reduction and savings plan in place which aims to mitigate ongoing cost pressures wherever possible. This includes vacancy management including a move from their Melrose Road Headquarters in Galashiels to the Council's HQ building (due to complete by 25th March). Live Borders is driving increased levels of income. However, due to the depletion of reserves throughout 2023/24 there is less resilience to meet any unplanned financial pressures which may occur and given the agreed condition survey work across the property estate this is a particular risk.
- 5.9 The Joint Officer Group will closely monitor the financial position on a monthly basis and agree any further action as required.
- 5.10 The following table provides a summary of the management fee that has been provided to Live Borders over the last five years.

	2019/20	2021/22	2022/23	2023/24	2024/25	Comments
	£'000	£'000	£'000	£'000	£'000	
Live Borders Management Fee	5,378	5,033	4,300	4,803	4,803	
Additional Financial Support			1,516	1,000	1,000	24/25 agreed as part of budget
Final draw down of £1.5m					500	£1.5m split between 23/24 & 24/25
Funding for LB pay award					600	Allows payment of Real Living Wage
	5,378	5,033	5,816	5,803	6,903	

Notes:

- the management fee was reduced as approved as part of the Council budget over 2019/20 to 2022/23.
- the management fee has been maintained in 2023/24 and 2024/25
- additional one-off financial support has been provided to Live Borders in 2022/23, 2023/24 and 2024/25

6 NEXT STEPS

- 6.1 Acknowledging that the status quo in terms of service, facilities and funding remains unsustainable, the Joint Transformational Change Programme continues to be progressed at pace to ensure that our sport, leisure and cultural services and facilities can be improved. This in turn ensures the health and wellbeing of our residents is supported and services are delivered on a sustainable footing for the next decade and beyond.
- 6.2 Whilst the level of work identified within the programme continues to be significant, priority will be given to those projects within the

programme that are likely to deliver the most significant financial benefits and/or impact for Live Borders.

- 6.3 For this reason, supported by the good progress being made by the SBC Estates team conducting condition surveys across the Live Borders operated facilities, project P7 to conduct a detailed options appraisal and develop future sustainable services in collaboration with our communities and key stakeholders remains our priority deliverable across the programme.
- 6.4 Appropriate financial support will continue to be required from Council during the transition period to move from the current Service Provision Agreement to a new sustainable position. It is essential that officers from both organisations continue to work closely together through the Joint Officers Group to ensure that all possible actions continue to be taken to mitigate financial pressures and that appropriate transition plans are in place running in parallel to the programme of work currently being delivered.
- 6.5 Recognising that many of the challenges and opportunities are not unique, with scope to learn from other trusts, local authorities and best practice; and given the importance of these services to our communities, and the need to sustain their future, research is continuing to incorporate learning from elsewhere into each of the projects within the programme.
- 6.6 Throughout the Joint Transformational Change Programme every opportunity will continue to be taken to align with the Scottish Borders Council's Digital Strategy (approved in February 2021) that set out a vision for the Council to become the UK's first smart connected rural region, supporting better outcomes for everyone who lives and works in the Borders.
- 6.7 The Executive Board will continue to meet monthly with representatives from both organisations and continue to oversee the delivery of the Joint Transformational Change Programme, supported by the Joint Officers Group.
- 6.8 Further updates on progress of the Joint Transformational Change Programme will be brought back to Council at key points during the programme, with the next update expected by the end of June 2024.

7 IMPLICATIONS

7.1 Financial

The Council approved further financial support of up to £1.5m to Live Borders in 2023/24. £1m of this allocation has been transferred to Live Borders in the current financial year with the remaining £0.5m being transferred to Live Borders to support their

financial position during 2024/25. The Council, in setting its budget, for 2024/25 has provided an additional one-off £1m financial support, increasing the management fee to take account of the continuing high energy costs. A further request for support in 2024/25 has now been received and this report proposes that a further £600k is provided to enable Live Borders to pay its employees the real Living Wage (£12 per hour) and pay 3% pay award to all other staff groups from 1 April 2024. The totality of the additional one-off financial support from the Council in 2024/25 will therefore be £2.1m. The outcome of the Joint Transformational Change Programme will inform future permanent management fee levels along with actions required to contain Live Borders costs within an affordable level from 2025/26.

It is proposed that the £600k is allocated from any underspends at year end in the first instance before applying any remaining balance from Council reserves.

7.2 Risk and Mitigations

- 7.2.1 Without continuing to deliver the Joint Transformational Change Programme there is a risk that the current provision of services will need to be immediately reduced, and Live Borders will require a much higher degree of financial support.
- 7.2.2 Live Borders' current service delivery model is not sustainable, if we do not continue to progress the Joint Transformational Change Programme, it will not be able to continue to operate in its current form.
- 7.2.3 The Council makes significant investments in properties across all localities in the Borders, either through the creation of new assets such as the Learning Estate or through the Property Maintenance Fund which ensure that our assets are maintained in a safe and functioning condition. However, the sheer size of our estate means that this investment is spread too thinly and is not currently enough to sustain the estate and ensure that it remains fit for purpose. There is a risk that with the financial constraints and a growing maintenance backlog that, if we do not continue to progress the Joint Transformational Change Programme, we will be unable to continue to maintain our properties and that buildings will close by default or there will be an impact upon other services due to budget constraints.
- 7.2.4 Risk Management is an iterative process and therefore risks (threats and opportunities) associated with those services provided by Live Borders on behalf of the Council will continue to be considered in line with the Council's risk management framework. This will evolve in line with the

Joint Transformational Change Programme and any changes arising from the update of the Service Provision Agreement.

7.3 Integrated Impact Assessment

7.3.1 An Integrated Impact Assessment (IIA) has been initiated and will continue to be updated throughout the development of the Joint Transformational Change Programme.

7.3.2 The IIA will be revisited and further expanded throughout the development and implementation of the programme.

7.4 Sustainable Development Goals

7.4.1 The Joint Transformational Change Programme includes measures to enable the Trust to improve its carbon footprint supporting UN SD Goal 7 (Ensure access to affordable, reliable, sustainable and modern energy for all). This includes work to undertake energy efficiency surveys of facilities to identify actions to reduce consumption and costs as well as opportunities to reduce the overall property footprint of the joint estate.

7.4.2 The development of our Sport and Physical Education Strategy; Cultural and Arts Strategy and progressing a proactive social prescribing programme of activities support UN SD Goal 3 (Ensure healthy lives and promote wellbeing for all ages).

7.5 Climate Change

The Joint Transformational Change Programme will help minimise energy use across the joint estate and assist the Borders to reduce its carbon footprint. Further work with the two other leisure trusts to de-carbonise their operations through reduced energy usage will provide further benefits.

7.6 Rural Proofing

These recommendations will have a positive effect on Borders communities and ensure high quality culture, leisure and recreation services for the future.

7.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

7.8 **Changes to Scheme of Administration or Scheme of Delegation**

No changes are required to either the Scheme of Administration or Scheme of Delegation as a result of the proposals in this report.

8 **Consultation**

- 8.1 The Director of Finance and Procurement, the Director of Corporate Governance, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted and Council will be updated on any further comments received at the meeting.

Approved by

Jenni Craig

Director Resilient Communities

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Background Papers:

21 February 2024, Live Borders – Planned Temporary Closures of Facilities
14 December 2023, Live Borders Financial Support
23 November 2023, Live Borders – Joint Strategic Review of Sport, Leisure and Cultural Services and Facilities Report
30 March 2023, Live Borders – Financial Support and Joint Strategic Review Proposal
17 June 2021, Proposed Service Redesign Opportunities for Engagement

Previous Minute Reference: Nil

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