



Internal Audit Report  
Education and Children's Services (Equality, Community Planning and Public Service  
Reform)  
Culture, Sport and Leisure Provision  
Consultancy Assignment No. 15-28  
March 2016

## Final Report

Finance Division  
Corporate and Democratic Services  
Perth & Kinross Council  
Blackfriars Development Centre  
North Port  
Perth PH1 5LU

### Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Consultancy work aims to support management in building in controls at the outset for the implementation of systems, processes and procedures and also provides specific assurance for particular projects or issues at the request of management. This approach is consistent with the PSIAS.

### Background and Introduction

This consultancy assignment was carried out as part of the audit plan for 2015/16, which was approved by the Audit Committee on 1 April 2015.

This report aims to provide management and Elected Members with an overview of Internal Audit’s involvement with, and the current position of, arrangements for culture, sport and leisure provision within Perth & Kinross.

### Scope and Limitations

The indicative scope of the consultation assignment, agreed by the Committee, was for the allocation of Internal Audit resource to provide advice and assurance for the review of sport and leisure provision. This has been done through reviewing documentation and through discussion with key personnel.

### Work Undertaken

Internal Audit has reviewed documentation and supporting information for the future provision of culture, sport and leisure within Perth and Kinross and has interviewed key officers. The models for the delivery of these services have been explored and the preferred model which was approved by Council in July 2015 (Report 15/295 refers) was for all aspects of sport provision to be delivered through Live Active Leisure.

Subsequent to this, there has been a period of planning and preparation for the scope of those services within the cohort to be identified. Arrangements have been put in place for the transfer of relevant staff to Live Active Leisure to support the delivery of in-scope services. A new contract has been drafted which has been subject to consultation with relevant parties within Perth & Kinross Council, along with the management of Live Active Leisure, to ensure that the required level of service is clearly defined. Arrangements have been put in place to monitor the contract once the services have transferred to LAL. Additional non-recurring resources within Education & Children’s Services were identified to support this process and set the framework for future monitoring. The transfer is effective from 1 April 2016.

With regard to the provision of cultural services, this has been subject to the creation of a third arms-length Trust, known as Culture Perth and Kinross. The organisation has been formed as a limited company and registered charity and is registered with

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the Office of the Scottish Charity Regulator. Like Live Active Leisure and Horsecross Arts, it is a sole member company of which the Council is sole member.

Culture Perth and Kinross will assist in the delivery of the savings which the Council has approved as part of the budget setting process and as detailed within the report to Council in July (Report 15/295 refers), in particular the realisation of savings from non domestic rates on buildings for which management responsibility will transfer to the Trust. The Council has been informed of the requirements for the transfer of assets to Culture Perth and Kinross and there is clarity over the legal position regarding assets which are held for the Common Good. Reports to the Strategic Policy and Resources Committee in December 2015 and February 2016 covered these aspects. A contract has been drafted which has been subject to consultation with relevant parties within Perth & Kinross Council, along with the newly created Board of Culture PK. Arrangements have been put in place to monitor the contract from 1 April 2016, when the organisation comes into effect. Additional non-recurring resources within Education and Children's Services were identified to support the process.

In line with the recommendations approved by Council on 1 July 2015, the arrangements for the delivery of cultural services will be subject to review with a view to exploring the potential for the amalgamation of Culture Perth and Kinross with Horsecross Arts Ltd. This review will be conducted during 2017/18 and elected members will be advised on recommendations arising from the review in due course.

There is a requirement for the new arrangements to deliver savings to the Council. There is clarity over how the Non-Domestic rates savings will be delivered, and there are opportunities identified to explore further savings in this area. However, it is not yet clear how and when the three trusts (Live Active Leisure, Horsecross and Culture PK) will deliver the savings relating to the options of shared services.

### Opinion

Elected Members have been involved in the decision making process regarding the direction for the provision of services within Perth and Kinross for culture, sport and leisure.

Engagement has been undertaken with key stakeholders in the process of developing the models for Service delivery and for their implementation.

The delivery models will be subject to continued scrutiny over the coming months in terms of their achievement of outcomes, which will include the achievement of the financial savings.

### Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff and management in Environment (Sustainability, Strategic and Entrepreneurial Development) during this audit.

### Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

### Distribution

This report has been distributed to:

## Internal Audit Report

B Malone, Chief Executive

J Walker, Depute Chief Executive (Corporate and Community Development Services) and Chief Operating Officer

J Fyffe, Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform

F Robertson, Head of Community Development and Public Sector Reform

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

### Authorisation

The auditor for this assignment J Clark

This report is authorised for issue:

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Jacqueline Clark  
Chief Internal Auditor  
Date: 29 March 2016