

CASE STUDY

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Newark and Sherwood District Council – A new model of leisure services delivery that retains control and quality but delivers immediate savings and long term sustainability



Newark and Sherwood District Council were looking for alternative models for managing three leisure centres within the district. The leisure centres were of varying age, size and usage, with one leisure centre due for replacement in 2016. One centre, managed by an independent local trust, remained out of scope and the Council was keen to determine the options and benefits of extending the scope of the project to include some of its cultural services and community facilities.

In January 2014, V4 Services were appointed by the Council to:

- **Phase One** – Identify and develop the options for the future management of its leisure facilities and services by considering a number of different models including in-house provision, outsourcing to a specialist provider, outsourcing to an existing non-profit distributing organisation and other options for establishing community interest companies/social enterprises.
- **Phase Two** – Dependent upon the decision for Phase One, to provide legal and services/ financial advice and support to establish an alternative delivery model.

> The challenge

The key drivers for the Council were:

- Deliver significant operational cost savings.
- Provide a financially stable future for leisure services.
- Provide the most efficient means for the Council to take forward its ambitions for the future development of facilities.
- Find a solution which can accommodate changes to the estate and in particular the replacement of one facility in 2016/17.
- Increase community involvement within service provision.
- Maintain high quality services.
- Further develop the business of an arms-length management model to ensure future stability.
- Ensure the service continues to contribute to the Council's priorities of prosperity, people and place.

> The solution

Phase One

The Options Appraisal included:

- A detailed review of the Grove Leisure Centre, Dukeries Leisure Centre and Blidworth Community Leisure Centre focused predominately on potential management arrangements and operating model.
- A review of the performance and operating arrangements at Southwell Trust (out of scope) on the basis that the Trust was likely to have an interest in any future operating arrangements.
- A consideration of other cultural facilities and whether they could form part of a new delivery model.
- Identification of the best fit option given the stated priorities, and based on the objective assessment of each option against these priorities.
- Provision of detailed information setting out the implications and a delivery plan for the recommended option.

The recommended option presented to the Council was the establishment of a Local Authority Controlled Company to be commissioned by the Council to operate a range of leisure facilities (directly or via third parties). This recommendation was identified on the basis of stakeholder engagement, a thorough review of relevant background documents, existing operating procedures and financial considerations.

It was anticipated that this option would reduce the net operating subsidy by an initial average of c. £270,000 per year and with the replacement leisure centre would fully eliminate the net revenue subsidy by as early as 2016/17 (equivalent to c. £611,000 in 2014/15).

Having chosen this option, V4 Services were also asked to consider whether the Sports Development Team should transfer to the new company. Given the service synergies and ability of the team to ensure an integrated approach to the health and

“The team from V4 Services have provided real hands on, practical support. They have been highly accessible and responsive to the needs of the Project Team and have provided clear and accurate advice at all stages.

They have been particularly effective at communicating with stakeholders including party leaders, committee, staff and service managers. There was a very significant benefit in having V4 Services manage the input of the legal advisors, so that our client officer had a single point of contact.

We were impressed by the level of technical knowledge and service understanding, and found the V4 Services' team a pleasure to work with. Together, we have made real transformational change happen – delivering significant savings whilst retaining control over service quality and policy direction. I would have no hesitation in recommending the V4 Services team to any other local authority contemplating alternative delivery models for sports, leisure and cultural services. ”

David Dickinson, Director of Active4Today Ltd

participation agenda, it was decided that they should be part of the newly formed company.

Communications and engagement

The project included engagement with a range of stakeholders including:

- Party Groups
- Policy Group Chairs
- Policy Group – Committee Representatives
- Senior staff
- Service staff
- Dukeries Transformation Community Interest Organisation
- Newark Sports Association
- Project Team

> The benefits

- A detailed options appraisal identified the best model for moving forward as being a council-controlled, Teckal compliant company.
- Following approval of the recommended option, we provided mobilisation support for the establishment of the new trading vehicle including:
 - Development of a five year comprehensive Business Plan
 - Assessment of pensions.
 - Formulation of the Memorandum and Articles of Association and other governance documents.
 - Assistance with the recruitment of the Shadow Board.
 - Development of the Lease and Management Agreement between the Council and the new LATC.
 - Establishment of the LATC including charitable status and VAT registration.
 - Advice on service level agreements with the Council for the provision of support services.
 - Provision of advice regarding the client-side function and performance management regime.
- The new arrangements are due to go live on 1 June 2015, with 67 FTEs transferring into the LATC.
- First year savings of £324,000 will be realised, a 29% increase on the initial target of £250,000.
- It is anticipated that the Council's overall target of a zero net revenue subsidy by 2020 will actually be achieved in 2017, three years ahead of its initial target.



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V4 Services have worked in partnership with over 100 public sector bodies and trusts providing hands-on delivery support to set up new business structures, improve the efficiency of in-house services, encourage a commercial approach and generate savings and service improvements through our managed service procurement solution.

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