



Securing substantial financial savings to invest in new leisure facilities



In March 2014, following a competitive tendering process using the ESPO Pro5 Framework, V4 Services was appointed by Belfast City Council to support its Leisure Transformation Project. This involved the transfer of leisure services into a new delivery model, including 14 leisure centres and a total of more than 250 full time staff.

The new model involved an innovative arrangement which featured the deployment of a locally established charitable trust – ‘Active Belfast’, contracted by the council to deliver a range of outcomes, with a secondary level agreement in which Active Belfast contracted Greenwich Leisure Limited (GLL) as its strategic operating partner.

THE CHALLENGE

The objective was to secure long-term financial savings for the council, which would be used to part-finance the cost of borrowing for a £105 million capital investment in the development of new leisure facilities.

V4 Services were asked to provide the council with a full turnkey support package to ensure that the proposed arrangements and required savings and service improvement would be delivered.

We produced the initial proposal and provided advice and support in the development of all of the elements of the various agreements between the three parties. This included commercial advice on:

- ➔ Funding and management agreements between the council and Active Belfast and the Tripartite Services Agreement (contract) between all parties.

- ➔ The service specification with a range of health and wellbeing outcomes as well as other outcomes related to social value and good relations.
- ➔ Lease agreements and property maintenance.
- ➔ Development of a five year Business Plan for Active Belfast.

THE SOLUTION

V4 Services acted as the advisor to the council on all financial, services and commercial matters, and assisted in the very complex negotiations between all parties.

We were also asked to:

- ➔ Support the engagement with elected members, six political party groups and other key stakeholders.
- ➔ Assist with the drafting of committee/members’ briefings and approvals reports.
- ➔ Act as advisors to the Leisure Transformation Project Board and the Corporate Management Team, including the negotiation of the risk/surplus apportionment between the council, leisure trust and strategic operating partner.
- ➔ Provide advice on appropriate commercial positions which protect the interests of the council and fulfill overall political objectives.
- ➔ Develop and verify a financial model for the purposes of the agreement.
- ➔ Support the mobilisation of the contract including arrangements for property maintenance and performance reporting.
- ➔ Provide assistance in developing the client function and an approach to contract management.
- ➔ Advise on the future planned phases of capital investment.



The project involved extensive engagement with the political leaderships and trades unions in a complex and highly sensitive governance structure. The transfer was further complicated by the inclusion of three facilities in the process of being transferred to the new authority as part of local government reorganisation in Northern Ireland. The eventual solution involved a multi-stage transfer of facilities.

The transfer was achieved on 1 January 2015. The project featured an extensive stakeholder engagement programme including six party group leaders, leisure staff, trade unions and strategic partners, amongst others.

We supported the negotiation process between the council, Active Belfast and the new strategic operating partner, in order to ensure the formal agreements were viable and sustainable and achieved the requirements set out by the council in the business case.





About V4 Services Limited

We have worked in partnership with over 120 UK public sector organisations including: councils, NHS, social enterprises and trading bodies 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.

THE BENEFITS

- ➔ On 1 January 2015, GLL assumed control of ten existing leisure centres in Belfast, as part of their 'Better for everyone' brand. The agreement sees the leisure centres running as part of a non-profit distributing organisation (NPDO) following the award of a fifteen year contract to GLL. Four other facilities and associated staff will join the portfolio in 2015. The arrangements provide flexibility for changes to the range of facilities during the contract term.
- ➔ The new arrangements have contractually secured a net annual reduction of £2 million from the current £8 million annual revenue subsidy from Belfast City Council and a gain-share arrangement which ensures that all parties benefit fairly and proportionately from the contract and any future surpluses.
- ➔ Contractually assured savings have been used to secure and part-finance prudential borrowing to deliver a £105 million capital investment programme.

- ➔ The council is already proceeding with plans to invest in the long term sustainability and development of leisure services in Belfast. Work has started on a new £19 million sporting and community hub in South Belfast as part of a £105 million investment in leisure transformation across the city.
- ➔ Service improvements secured from the detailed services specification and performance management frameworks which were built into the formal agreements.
- ➔ Wide range of political objectives on regeneration integrated into agreements and performance management framework in relation to health and well-being, employability, local suppliers and staff interests including protection of pension benefits.
- ➔ A long term agreement has secured the future of high quality, affordable and accessible leisure opportunities to meet the council's objective of helping to "make more people more active, more often".

The total cost of V4 Services' support was recovered in less than one month following the transfer.



“ We appointed V4 Services because of their extensive knowledge of the wide range of issues that the council would have to address in order to achieve our very ambitious transformation plan. They provided an exceptionally good service throughout the project – responding very quickly to a variety of challenges. They engaged effectively with all stakeholders and provided clear advice and support, maintaining complete integrity throughout the complex negotiations. This included working with six political party groups, informing and advising them on a unique commissioning role for the council in the delivery of services.

They provided hands on support and advice and were always highly accessible to meet, discuss and address emerging issues. The V4 Services' team have a highly focused approach and they were able to gain the trust and confidence of the Project Board very early in the process, helping to shape the various agreements. The outcome has been a contractually assured saving of £2 million per annum with an expectation that service quality will also improve significantly. We would not hesitate to recommend V4 Services to other councils who are facing similar challenges and need a partner to deliver the best possible outcome.

Andrew Hassard,
Director of Parks and Leisure, Belfast City Council

