



Over 30% savings secured and investment in new facilities and repairs and maintenance through leisure outsource



The unfavourable financial climate prompted Powys County Council to re-evaluate its management strategy for the delivery of its Active and Healthy Lifestyle Services.

In April 2013, V4 Services were appointed to carry out a full appraisal of the options available. The council were minded to set up a locally established charitable company to accept the transfer of the services. However, following presentation of the options in a "stop and think" workshop and visits to other sites where local authorities had outsourced management to existing providers, the council decided that the best strategy was for the leisure centres to be managed by an existing specialist operator with an outsourced solution.

V4 Services were further engaged by the council to support a full EU compliant tender process.



THE CHALLENGE

The overall aim was to reduce the net revenue subsidy by at least £600,000 per year. Powys County Council covers a quarter of the area of Wales with a relatively small population, making it the most sparsely populated county in England and Wales. This has particular challenges for the provision of leisure facilities and services as visitor numbers can be low and fluctuate significantly.

Specific objectives were to:

- ➔ Find an operator to manage all 15 leisure centres across Powys County Council; many located as part of, or adjacent to, local secondary schools.
- ➔ Set up a minimum ten year contract with an indexed-profiled management fee.

- ➔ Reduce the long-term risk of centre closures, given the sparse populations.
- ➔ Protect employment opportunities for current staff.
- ➔ Generate savings to fund essential repairs and the backlog maintenance.

THE SOLUTION

V4 Services initially supported the council with the early market engagement process and gauged the interest in the market from a range of leisure operators. The process involved lengthy telephone conversations with each supplier before producing a written account of each conversation, which was then uploaded to the procurement portal for each supplier to approve. The early market

engagement was designed to ascertain how best to shape the opportunity to get the best overall outcome for the council.

Having concluded that there was a healthy level of interest in the market place, V4 Services supported the council through the development of a service specification, PQQ and the suite of ITT documents.

We:

- ➔ Engaged extensively with stakeholders and members throughout the process.
- ➔ Produced a "stop and think" report in November 2013 to challenge the original thinking.
- ➔ Produced a detailed business case to support the preferred option.





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.

➔ Attended a number of transformation meetings and developed “key issues papers”.
Four operators took part in the initial dialogue stage with all four suppliers taken through to ITT stage.

The “turnkey” package of services provided included: leisure market and commercial expertise, extensive document drafting, preparation of a financial submission workbook and financial instructions, assistance with the dialogue process, development of an evaluation model, support to the evaluation, clarification and preferred tenderer selection processes and full financial support as well as legal support (through Leonie Cowen Associates) throughout the mobilisation and contract close processes.

THE BENEFITS

- ➔ A 15 year contract was awarded to Freedom Leisure, a not-for-profit leisure trust with the transfer achieved on 1 July 2015.
- ➔ Contractually secured savings in excess of the original target from year one and growing over 15 years to total nearly £18 million (32% of the original budget).
- ➔ Around £2.5 million capital investment in improved health and fitness facilities and management information systems during the first year and a commitment to further refresh investment in the fitness equipment by the contractor every five years.
- ➔ Of the savings, £450,000 per year will be credited against the Medium Term Financial Plan and £440,000 per year will be invested in a new fund for repairs and maintenance.

Powys

**Powys County Council
Soft Market Test**

**Assessing market
interest in the
management and
operation of
sport, leisure and
outdoor facilities**

July 2014

“ The team from V4 Services provided expert professional support to our Project Team throughout the process. They were responsive to our needs and their expert advice enabled the council to deliver an exceptional outcome for our local communities, with major savings which will help to fund building improvements.

The team were on hand to support very extensive engagement with members and local stakeholders. As a critical friend they enabled the council to address immediate challenges which were different at the start of the engagement. They responded quickly to highly complex queries and worked hard to share knowledge and experience with our team. ”

Jenny Ashton, Service Development Manager

