



Options Appraisal and early market engagement indicate substantial interest and potential savings in leisure management opportunity



THE CHALLENGE

In September 2015, V4 Services was commissioned by the London Borough of Barking & Dagenham to carry out a full and thorough options appraisal of leisure and cultural services within the borough, including leisure centres, libraries and heritage sites.

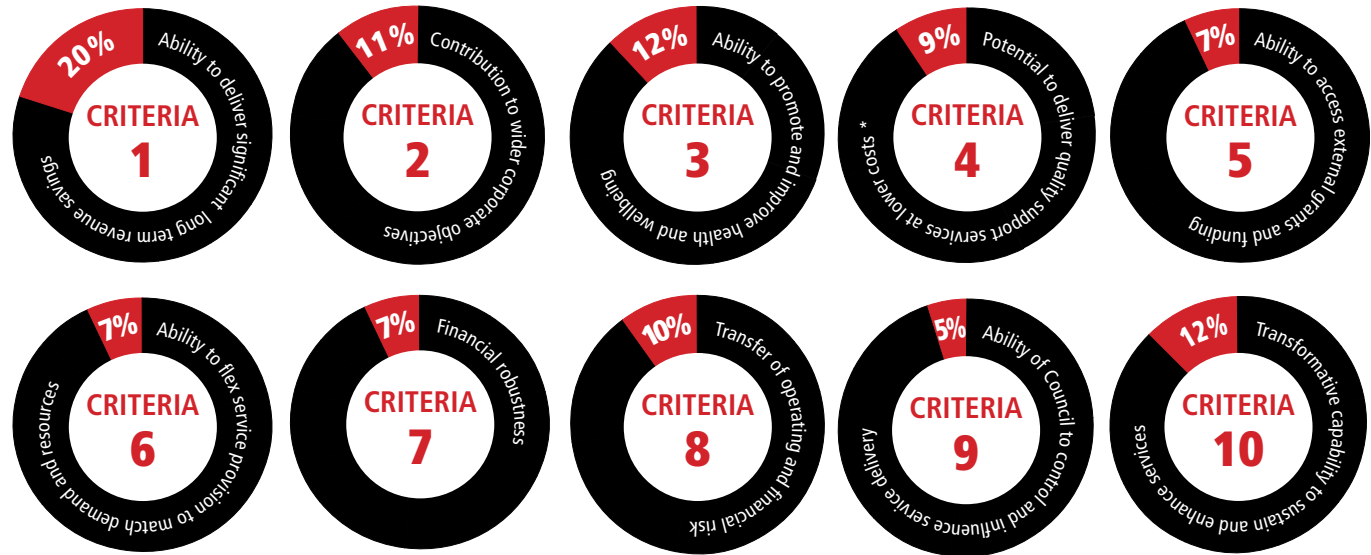
THE SOLUTION

Phase A – Options Appraisal

V4 Services carried out full site visits, and met with a number of identified key stakeholders including officers from leisure, culture, public health, finance and corporate services.

Using a series of criteria set out by the council, V4 Services applied weightings to each criteria, determined by how important each factor was considered to be, before scoring five options against each of the weighted criteria. The five options considered were:

- OPTION A** Retain all services in-house.
- OPTION B** Outsource services to specialist operator(s).
- OPTION C** Set up a Local Authority Trading Company (LATC).
- OPTION D** A mixed market approach, separating leisure and cultural facilities.
- OPTION E** Establish a service mutual services organisation.



Based on the established criteria and applied weightings, it was recommended that, in order to meet the council's primary objective of delivering a significant long term revenue saving, the council should consider seeking a specialist operator to manage its leisure and cultural services, and to begin an early market engagement with potential operators as soon as possible.

The report developed with the council included:

- ➔ Benchmarking of the council's current sport and leisure facilities.
- ➔ Full details of the options analysis undertaken, supported by the presentation of data analysis setting out each proposed option against the defined criteria.

“It was clear from the commissioning meeting with V4 Services that they offered the most up-to-date knowledge of the sector and the wide range of issues that have to be considered when contemplating alternative delivery models in an options appraisal.”

Peter Appleton,
Commissioning Lead for Arts, Culture & Leisure,
London Borough of Barking & Dagenham





KEY

OPTION A Retain all services in-house.

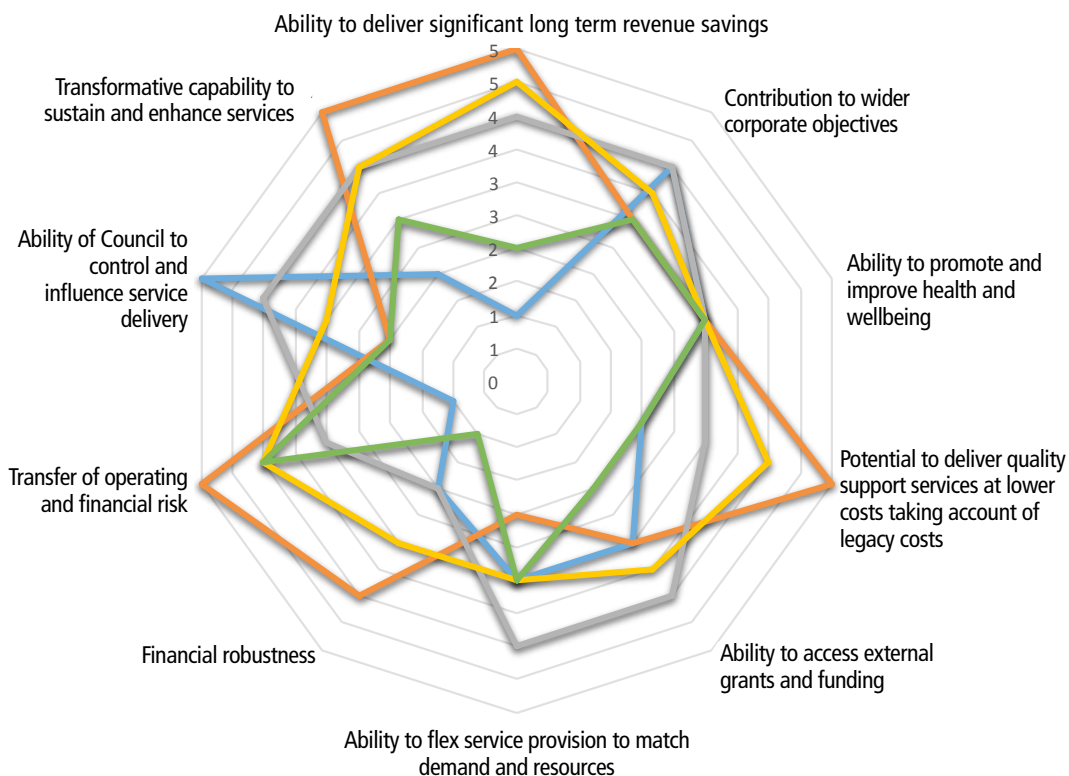
OPTION B Outsource services to specialist operator(s).

OPTION C Set up a Local Authority Trading Company (LATC).

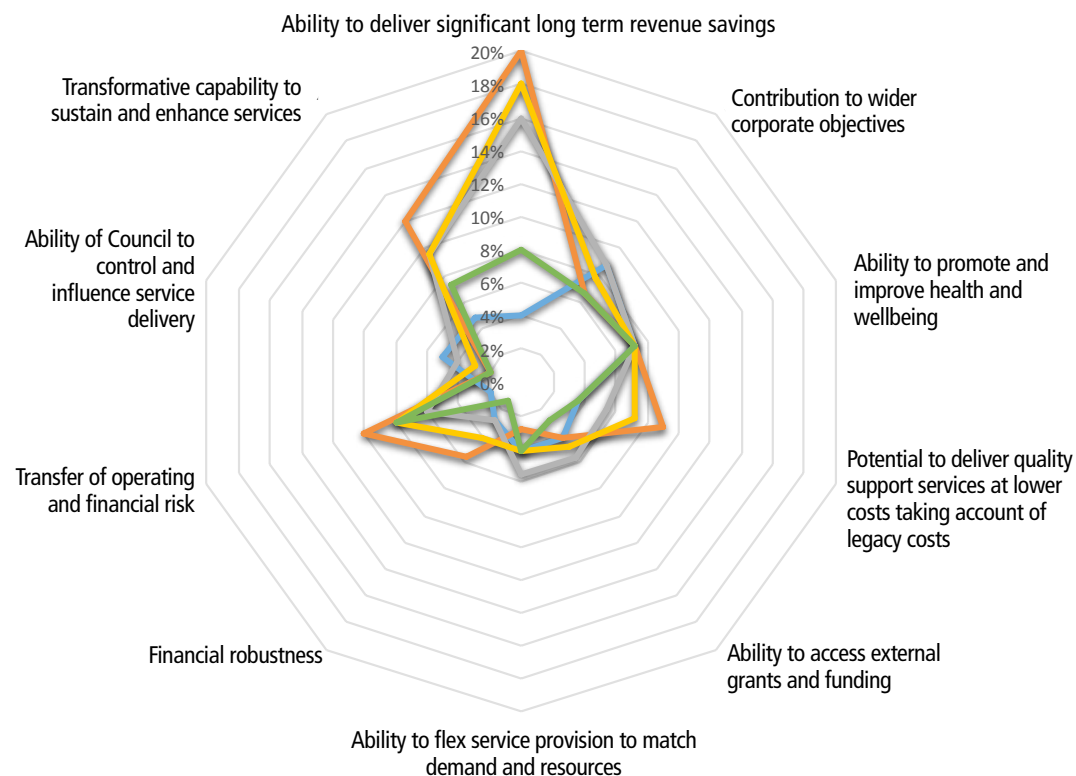
OPTION D A mixed market approach, separating leisure and cultural facilities.

OPTION E Establish a service mutual services organisation.

Comparison of options by unweighted score summary



Comparison of options by weighted score summary



“They understood our very particular local factors and our financial and savings requirements. The tools they applied provided an objective analysis of the relative merits of a wide range of options, including innovative approaches that went beyond the typical alternatives to continued in-house operation.”

Peter Appleton, Commissioning Lead for Arts, Culture & Leisure, London Borough of Barking & Dagenham



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.

Phase B – Early Market Engagement Exercise

In December 2015, V4 Services were re-engaged by the council to conduct an early market engagement for leisure services. The facilities within scope of this exercise included two leisure centres, an athletics stadium and outdoor water park and potentially libraries.

We developed a Business Opportunity Prospectus, indicative risk profile, and a questionnaire setting out the potential opportunity.

The questionnaire was designed to test a specific hypothesis around risk and commercial profile, in order to produce more meaningful responses from operators and enable V4 Services to provide a more detailed analysis to the council ahead of any proposed future procurement exercise.

V4 Services provided each participant with an indicative risk profile, as agreed with the council prior to the engagement, along with a tailored questionnaire, which asked the operators to provide information relating to their views on, not only the indicative risk profile, but also further opportunities for developing additional income, generating further revenue savings and increasing visitor numbers. A breakdown of revenue, expenditure and benchmark data was provided.

This was issued to organisations who expressed an interest in the opportunity following the publication of a PIN notice and sent to a number of identified specialist leisure operators.

The council managed incoming expressions of interest, while V4 Services maintained an up to date log of all incoming and outgoing contact made as part of the engagement, formally acknowledging each contact and submitting a final log as part of the feedback to the council.

Business Opportunity Prospectus

Exploring specialist operator interest in the management and operation of leisure and sports facilities



THE BENEFITS

The council received a total of 16 expressions of interest for the opportunity, from a range of operators. Nine completed questionnaires were returned, including responses from six of the UK's largest national operators of public sector leisure services.

A report was produced for the council with a:

- ➔ Brief synopsis about each of the respondents.
- ➔ Detailed analysis of each individual response.
- ➔ Summary of the key themes occurring throughout the engagement.
- ➔ Series of recommendations for next steps the council should take if it wishes to continue with the proposed procurement.

The early market engagement indicated strong market interest, and the potential to achieve very significant revenue savings and risk transfer.

“The early market engagement exercise enabled a specific hypothesis to be tested – with a commercial risk profile and savings target that was discussed with potential service partners. The response from the market was very strong and the final report provided clear guidance to the council about what it could reasonably expect as an outcome if it chose to complete a competitive tender for a leisure services concession.”

Peter Appleton,
Commissioning Lead for Arts, Culture & Leisure,
London Borough of Barking & Dagenham

