

## **Report to Cabinet**

**Subject:** The future operating model for Leisure Services in Gedling Borough

**Date:** 28 June 2018

**Author:** Director of Health and Community Wellbeing

### **Wards Affected**

All

### **Purpose**

To inform Members of the work being progressed to identify the best operating model for the Council's wider leisure transformation programme.

### **Key Decision**

This is not a key decision.

### **Background**

#### Update on Current Arrangements

- 1.1 As part of the Council's Dynamic Council Programme, the Leisure Transformation Board, chaired by the Director of Health and Community Wellbeing, has been focusing on the management and operating model arrangements for the five leisure centres, for the medium and longer term. This is in the context of driving further improvements in performance, reducing subsidy levels, increasing the number of customers, and continuing to drive up customer satisfaction levels.
- 1.2 Since April 2017, a formal contract has been in place with Nottingham City Council who has provided both strategic and day-to-day operational oversight and management in the absence of recruiting a permanent Service Manager for leisure. This arrangement has enabled the service area and the Director for Health and Community Wellbeing to have access to service specific expertise by two officers from Nottingham City Council with very successful track records in transformation and operational management. Both officers are well respected locally, regionally and nationally.

- 1.3 Whilst not only being able to provide a high level of industry knowledge and experience, they have been able to access support and guidance from their colleagues within the City Council's Major Projects Team, who have themselves provided considerable advice and support on the options for improvements across the leisure centres currently operated by the Council.
- 1.4 In terms of cost to the Council, the officers providing this strategic and operational management have been contained within those costs allocated to the vacant Service Manager, Leisure post.
- 1.5 What has become evident over the past twelve months is that within Gedling Borough, there remains a buoyant leisure market and with the demographic make-up of the borough, there remains considerable business growth opportunity in the leisure sector.
- 1.6 Appendix A highlights some of the business improvements, increases in income, and overall leisure services performance over the past twelve months.
- 1.7 In order to seek to further reduce the overall subsidy within leisure services, considerable restructuring work has been undertaken within the service area and this has not only improved the operational efficiency of the service but has reduced the subsidy by £139,200.

Whilst there remains some potential to reduce the current subsidy levels through income growth, the need to reduce costs is now more significant, and in order to achieve this, the operating and management model for leisure services must be reconsidered by the Council.

#### 1.8 Options Appraisal

In order to deliver an efficient and effective leisure service in the medium to long term, an overview of the potential delivery options available is required. In order to meet appropriate governance and audit requirements, this should cover the key features, advantages and disadvantages, implications and risks associated with each option.

In this regard, an independent options appraisal is being commissioned from leading industry experts, which will assess Gedling's suitability against each of the options as set out in the Sport England document: *Leisure Management Options Guidance, September 2017*. These are as follows:

- In-house Management;
- Outsourced Management;

- Establishing a New Organisation:
  - Non Profit Distributing Organisation (NPDO)
  - Co-operative and Charitable Incorporated Organisation (CIO)
  - Community Interest Company (CIC)
  - Local Authority Controlled Company (LACC)
  - Joint Venture Company (JV)
- Asset Transfer.

This review will also have to take into account any VAT implications of each option.

- 1.9 Officers are aware that full outsourcing may not be palatable to Members, primarily as the direction and control of the service would be very much diminished when compared to other management models outlined above. This information has been provided to the consultant, however for transparency purposes, it is important that this option is still considered within the full option appraisal process.
- 1.10 It is expected that this robust leisure management options appraisal process will be delivered by September 2018. Following consideration of this document, Gedling will be in a position to select its most appropriate operating model and delivery partner(s).

## **Proposal**

- 2.1 The current working arrangements with the City are working well. They are improving service delivery, and delivering financial efficiencies. There is therefore a need to continue these arrangements in the short term, but also to determine what a shared service approach with the City could offer to Gedling in the longer term.
- 2.2 One of the models that will be considered by the consultants as part of the options appraisal is the shared service model with another local authority. As the Council's existing agreement with Nottingham City Council to second two of their senior leisure managers has proved successful and the Council intends to seek opportunities to work collaboratively with the City Council as outlined in the previous agenda item, the consultants have been tasked to consider what a shared service operating model with Nottingham City Council may look like and assess the benefits of such an arrangement for Gedling Borough Council. This would be in conjunction with Gedling leisure officers.
- 2.3 The Council is aware that Nottingham City Council are supportive of a shared leisure service being explored with them, as their own independently commissioned consultancy on models of leisure management suggested that this option was worth further consideration.

- 2.4 Once the consultants have delivered both the options appraisal and their opinion on a potential shared services model with the City, it is anticipated that a further report will be submitted to Cabinet outlining options and recommendations for the future operating model most appropriate for the Council's leisure service.

### **Alternative Options**

- 3.1 Not extend the current working arrangements with Nottingham City Council. This is not recommended as demonstrable benefits have already been achieved through this arrangement.

Not to support the commissioning of a robust leisure management options appraisal. This is not recommended as it will result in members not having detailed information to enable an informed decision to be made about the most appropriate future operating model.

### **Financial Implications**

- 4.1 The costs for the independent consultancy support have been met from the Transformation Fund.

Other financial implications will become clear in due course and these will all be subjected to outline and full business case preparation. This project management approach will allow for all the financial aspects to be transparent and documented for audit purposes.

### **Appendices**

- 5.1 Appendix A: Leisure services annual performance highlights report.

### **Background Papers**

- 6.1 House of Commons Library Briefing Paper 05950 20 May 2016
- 6.2 Local Government: alternate models of service delivery by Mark Stafford
- 6.3 Local Government group shared services and management: a guide for Councillors

### **Recommendations**

That Cabinet:

- a) Supports the continuation of the current arrangements with the City.
- b) Endorses the work carried out by officers to commission the options appraisal work as described in the report.
- c) Requests a further report to Cabinet later in the year that outlines options and recommendations for the future operating model most appropriate for

the council's leisure service.

### **Reasons for Recommendations**

To further improve on the successes the Council's leisure services have delivered throughout 2017/18, and ensure Cabinet has detailed information to enable it to make an informed decision about a sustainable and effective model for future operation.

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