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Strategic Review of Active Northumberland:
Final Summary Report

Daljit Lally
Chief Executive
Northumberland Council

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Final Summary Report - Strategic Review of Active Northumberland

Purpose of the Report and Summary of Findings

The purpose of this report is to provide a summary of the key findings from the strategic review that has been commissioned jointly by Northumberland County Council and Active Northumberland.

There have been a number of stakeholders who, through the commissioned reviewer, have contributed to the overall strategic review and key elements of their contributions are included within this report.

The conclusion and associated recommendations of the strategic review of the arrangements between Active Northumberland and Northumberland County Council has identified significant failings of governance and numerous gaps in the expected level of strategic and operational capability and capacity in Active Northumberland. These poor oversight arrangements have severely impacted on the organisation's performance and day to day operational capability.

There is evidence of

- very poor leadership
- a lack of evidence or rational based decision making
- very weak governance
- very weak financial management processes
- very poor strategic direction or forward planning
- ineffective due diligence and leadership processes
- lack of appropriate organisational information
- lack of an appropriate level of professional advice or support.

- a lack of appropriate appropriate arrangements to monitor safeguarding of children.

A sound governance structure and effective strategic direction would be essential to have effectively steered Active Northumberland through the significant changes and expansion which occurred from 2014-2017.

Subsequent to the review of Active Northumberland the staff have received communication internally which gives a clear articulation of the thanks that the board have for their resilience and also how the failings and gaps will be addressed going forward to support staff, customers and residents.

This report provides a summary position of key findings from the strategic review with conclusions and, under each of the areas looked into, there are a number of recommendations which the Active Northumberland Board have agreed to take forward within their own governance structures with support from Northumberland County Council.

Introduction

Following a change in the administration of Northumberland County Council in May 2017, a strategic review was commissioned into Active Northumberland by Northumberland County Council. The Active Northumberland Board assisted in shaping the strategic review.

This summary report gives the key findings from the strategic review, conclusions and recommendations which the Active Northumberland Board have agreed to take forward.

Due to the relationship between Active Northumberland and Northumberland County Council i.e. that the Council provides financial support to Active Northumberland, Northumberland County Council's Audit Committee has been made aware of the findings from the strategic review. The Audit Committee have considered these findings as part of its remit in examining the Council's framework of governance, risk management and control and will monitor progress from the Council's role as a commissioner of services going forward.

Background

The strategic review into Active Northumberland has taken place from 19th June 2017 and has been recently concluded. The strategic review has involved a number of contributors.

The strategic review has been focussed on the following key areas:

- Legal Framework and structure of Active Northumberland
- Organisational strategy and philosophy
- Change management
- Culture
- Governance and decision making
- Finance and budgeting
- Business model
- Marketing and communications
- KPIs
- Risk & Quality management

The strategic review has been undertaken and completed by Ken Dunbar of Engage-n-Change, an independent consultant with significant experience as a senior leader and within local government including leisure services.

Format and Approach to undertaking the Strategic Review

This final summary report has been derived from information that has been collated with the help of a number of contributors including several interviews which have taken place as part of this formal and extensive review into the following areas:

- Northumberland County Council stakeholders
- Senior Managers within Active Northumberland
- Trade union colleagues
- Members of the Active Northumberland Board

The format for the review has used a combination of methods to provide a robust and rounded view of the organisation. The extensive failings and gaps in assurance and strategic capability although quickly identified will require an ongoing period of recovery which will need to include continued ongoing engagement with staff and stakeholders and the Active Northumberland Board are aware of this.

Information has been sourced in the following ways:

- Through existing systems
- Through information collated by stakeholders
- Through electronic and hard copy publications
- From marketing material provided both historical and current
- Via contributions made by staff formally and informally
- Via contributions made by stakeholders formally and informally

Background Limitations of the Strategic Review

The lack of information available to be sourced easily on key areas has hampered much of the progress made on the strategic review as this has not been easily available or in many cases not available. This probably resulted from the Council overseeing the support functions and not quality assuring those arrangements. The role of the Active Northumberland Board has been hampered by only being provided with limited information. This in turn has resulted in an insufficient oversight of the organisation. Examples of such information are:

- Very poor availability of performance/management data such as consistent centre attendance information, access information
- No evidence of appropriate financial data (including budget monitoring and performance)
- A lack of operating agreement/documentation from Northumberland County Council
- Very limited contractual or Service Level Agreement documentation for any contracted services
- A concerning lack of routine Health and Safety information
- Poorly reported key performance indicators
- A very concerning lack of reporting on children's safeguarding processes and procedures

Since June 2017, the Active Northumberland Board have worked alongside Northumberland County Council to obtain such information for its assurance, action planning against required improvements and significant progress has been made to date.

Key Findings from the Strategic Review

1. Legal Framework and structure of Active Northumberland

Active Northumberland is an Arts, Culture and Leisure Trust which originated from the merger of 9 leisure organisations in October 2014.

These organisations were:

- o 1 Life (Leisure Connections)
- o Tees Active
- o North Country Leisure (NCL)
- o Blyth Valley Arts and Leisure (BVAL)
- o Wansbeck Borough Council
- o Blyth Valley Leisure Catering (BVLC)
- o BVLC (Gardner Merchant - Compass)
- o Northumberland County Council (NCC)
- o Hirst Welfare

The overarching organisational governance and responsibility for Active Northumberland is managed by the Active Northumberland Board which consists of a small group of Trustees drawn from local stakeholders.

1.1 The Board

The Board of Active Northumberland is currently constituted with five trustees appointed from the following local stakeholders:

- Northumbrian Water
- Northumberland National Park
- Northumbria Healthcare NHS Foundation Trust
- Arch - The Northumberland Development Company
- The Cabinet portfolio holder for Arts, Culture, Heritage, Leisure and Play and Tourism.

Usually in attendance at the Board is the Chief Operating Officer and the independent Company Secretary. Until the change in administration, the former Chief Executive of the Council was attending Active Northumberland Board meetings in a capacity identified as an Observer.

One of the trustees of the Active Northumberland acts as Chair and another as Vice Chair. All are nominated unpaid positions from their substantive organisations.

The Board is scheduled to meet monthly, however during the review it was noted that over the last 12 months prior to May 2017, board meetings had taken place during ten out of the preceding 12 months. At the time of writing this report, it has been confirmed that since June 2017 the board has met monthly and this has continued.

The review has confirmed that prior to May 2017, the Board received updates from the previous Interim Chief Executive Officer on certain key issues however these updates were not broad in content or nature. During the strategic review the Board have received full and regular updates from the Interim Accountable Officer covering a wider range of issues and there has been wider attendance of officers from Active Northumberland to support topical items.

There are no sub-committees of the Board within Active Northumberland.

1.2 Company Secretary Arrangements

An independent Company Secretary supports the Board, produces an agenda, circulates papers and provides a set of minutes.

1.3 Company constitution

Active Northumberland was constituted as a Leisure Trust in October 2014 which attracts some significant benefits.

Since October 2014 several additional services have been added to the Active Northumberland organisation which have included:

- Libraries
- Visitor (Tourist) Information Centres
- Northumberland Sport
- Strategic Tourism
- Arts, Culture and Heritage

Each of these services have been reduced substantially in terms of operational viability, blurred lines of managerial accountability and support and with no real strategic or operational rationale for such decisions being made. Each of the above services has no strategic plan or service strategy in place to underpin its future service delivery or service aspirations.

1.4 Company Identification/Branding

Active Northumberland has an established brand which is based on similar “Active” notions in other local authority areas.

The strategic direction of the Trust needs to be reviewed to consider its strategic purpose in relation to aspirations of the Council as its core funder and this needs to be done initially in partnership with the Council and its proposed operating framework/legal agreement.

1.5 Operating Framework/Legal Agreement

The Active Northumberland Board have confirmed that a draft operating agreement was circulated to them some time ago and state that they gave delegated authority to the management team to implement such an agreement. There is ambiguity regarding the status of the draft operating agreement which they have had sight of as at this time, the status of the draft operating agreement would not have been sufficient for its proposed purpose both from a legal and operational perspective for implementation.

Recommendations

- That the Council formally agree which services it wishes Active Northumberland to provide for them on a formal contractual basis in line with their strategic priorities.
- That the legal framework and rationale for a Trust is reviewed to ensure that the Active Northumberland Board can sufficiently demonstrate the benefits of this.
- That the Articles of Association of the Board are reviewed to consider wider stakeholder involvement including the balance, number and skill mix of trustees required to support the strategic and operational requirements of Active Northumberland.

- That required sub-committees are proposed and introduced in order to ensure that there is support for good governance and risk management.
- To introduce an Independent Chair who can give a dedicated level of commitment of up to 2.5 days per week and to introduce additional Trustees to reflect strong and robust challenge and governance which is required from the Board to support the ongoing operational delivery of services under the proposed Operating Agreement.
- That board members and trustees consider working to role descriptors and an overall Director's handbook which the Board would need to approve.
- To ensure that a formal Operating Agreement between Northumberland County Council and Active Northumberland is approved and in place as soon as possible (no later than 1st April 2018).
- To ensure that any services commissioned by Active Northumberland are done so on a formal contracted basis with a clear service specification e.g. support services.

2. Organisational Strategy and Philosophy

2.1 Organisational Strategy

During the review it was clear and apparent that no organisational strategy was in existence for Active Northumberland.

There has been no business plan drafted and approved since the creation of Active Northumberland and it was found that the County Council had not given Active Northumberland a clear direction on what they required the leisure trust to provide. There appears to have been a lack of direction from the Council as core funder of services.

2.2 Business Plan

During the review there was no approved organisational Business Plan which could be identified for Active Northumberland.

Though some leisure facilities had a business plan, the strategic review identified that these had never been presented to the board so that they could have been considered or approved formally.

During the review, no centre or service could reference the organisations business plan or agreed strategic objectives other than a reduced operating budget.

Recommendations

- That Active Northumberland develops an organisational strategy which defines its strategic direction
- That Active Northumberland develops a Business Plan based on the requirements of an agreed operating agreement and its longer term operational potential. This needs to follow clarity from the Council about the scope of services to be operated - specifically the community facilities which may have a significant impact on the Business Plan and its associated operating model
- That the Council provide Active Northumberland with a clear operating agreement including the terms of any financial subsidy and overall key performance, governance and health and safety expectations.

3. Change management

Active Northumberland has undergone significant organisational change since its inception in 2014. The changes have been categorised as follows:

- Commissioned services
- Staff engagement and consultation
- Business case and cost benefit analysis'
- Funding and commitment to provide community based services
- Pricing policy and commercial approach
- Service integration for the benefit of residents

3.1 Commissioned Services

Since 2014, Active Northumberland has acquired additional services to its leisure portfolio which have included Arts, Heritage, Culture, Libraries, Tourism (including Visitor Information) as examples with immediate transfer for responsibility and in some cases statutory NCC services (Libraries) without any formal commissioning or amendment to an expected formal documented arrangement in line with an appropriate formal contracting arrangement such as under an approved operating agreement.

Active Northumberland have acquired the responsibility for such services together with significant budgetary reductions from Northumberland County Council.

This has resulted in significant redundancies from Active Northumberland and changes to the provision of services to residents of Northumberland across the county as a whole. Such changes have been made without any clear rationale or evidence to support Active Northumberland to successfully deliver and redesign a service that has clear positive outcomes for residents. Such changes have been constant for the organisation to manage and handle from many angles such as staff consultation, trade unions, regular communications, staff morale etc.

3.2 Staff Engagement and Consultation

Staff engagement and consultation (including communication) with trade union colleagues has been poor and overall, this has been left to some departments such

as HR, Communications etc. to try and fill the gap to ensure appropriate due process is followed by Active Northumberland during periods of significant change.

Staff morale has been challenging prior to the review and it continues to be challenging. Whilst there is evidence that this is improving (based on feedback from both staff and trade unions), there is significant work to do based on trust which has been eradicated specifically regarding relationships between management and trade unions. At the time of writing this report a Staff Survey has been commissioned and undertaken by the independent organisation, the Picker Institute. The response rate was 31% and this indicates limited engagement of staff within Active Northumberland willing to give their views. The results of the staff survey are awaited. During the strategic review, Unison stated that in 2017 they had undertaken their own survey and one of the findings was that 95% of staff did not want to work or recommend working for Active Northumberland. Although Unison could not validate this survey and this is not consistent or indicative of the turnover rate within Active Northumberland, this paints a less than positive picture of staff engagement within Active Northumberland.

Staff communication has been limited and predominantly through a Chief Executive's briefing which has been irregular and not effective in addressing key issues which staff have raised.

3.3 Business case and cost benefit analysis'

NCC have directed services to Active Northumberland on the basis of a financial arrangement which appears to not have had full Business Case consideration, policy approval or even presentation of such to the Active Northumberland Board.

Some services have been commissioned which will never recover their full costs to operate and therefore this immediately puts Active Northumberland in a detrimental position.

Some services have been transferred to Active Northumberland, without a management fee for which will never recover their full costs (estimated to be at least approximately £500,000) to operate and therefore this immediately has put Active Northumberland in a detrimental position.

3.4 Funding and commitment to provide community based services

Active Northumberland have a number of community based services which do not and will not achieve financial balance based on their current operational approach.

The funding and commitment to provide community based services needs to form part of the formal operating agreement between NCC and Active Northumberland to ensure that any such commitment to provide community based services which will not achieve financial balance or be part of an overall business planned decision by the Board should be contractually fully funded or the decision made not to continue to operate such facilities.

There are a number of facilities that are heavily subsidised by Northumberland County Council. These facilities are:

- Bedlington School
- Cramlington School
- Dave Stephens Centre
- Druridge Bay
- Hirst Welfare Centre and Nursery
- Newbiggin
- Northburn Sports Centre
- Pegasus
- Rothbury

3.5 Pricing policy and commercial approach

Decisions to revise the Pricing Policy for Active Northumberland were made in 2016 with limited consideration as to the impact and operational difficulties that any such changes would make to both staff and residents of Northumberland. The strategic review confirmed that the Pricing Policy which was implemented was based on NCC's preferred pricing structure and policy which included tie-ins. There was no consideration made regarding the detriment of such a policy to specific user groups and there was no equality impact assessment undertaken to ensure that disadvantaged groups and their circumstances were given appropriate due consideration.

The pricing policy was revised and implemented immediately by Active Northumberland and had a significant adverse and detrimental effect both operationally and reputationally for Active Northumberland.

Significant customers were lost during the period of implementing a revised pricing policy and many of those customers have not returned and have accessed alternative facilities within the county. Some customers have returned with some amended pricing approaches being implemented (mostly remedial action) by the current interim leadership team with support from the Active Northumberland Board.

3.6 Service integration for the benefit of residents

There are several examples of where Active Northumberland could work in collaboration with Northumberland County Council or other providers/organisations to introduce joint services which would be for the benefit of residents in Northumberland.

The board need to be fully sighted on such opportunities with an approach that would benefit residents to be fully collaborative and promoted successfully to the local area.

Service integration has been forced rather than opportunistically developed with the benefit of residents at the heart of what Active Northumberland can offer.

3.7 Facility Development

There is no evidence to suggest that facility development is being driven by the Sport England development model which would ensure that there would be facility overlapping mapped to ensure that where facility developments were taking place that these would be driven on the basis of uniformity and need.

Recommendations

- It is necessary that the Council clearly articulate its commissioning expectations for Active Northumberland in a formal operating agreement to be in place no later than 1st April 2018. Such an agreement needs to articulate responsibilities and expectations to ensure that there is a clear commissioner/provider split and that both parties are clear on statutory requirements and outcomes. Any

changes to this operating agreement need to be formal contractual amendments which need to be documented accordingly.

- Approaches to staff engagement and consultation need to be reviewed to ensure that true engagement takes place with staff and trade unions which will aid and develop trust.
- It should be the decision of the Active Northumberland Board whether they choose to deliver commissioned services on behalf of Northumberland County Council and therefore a clear business case process needs to be in place to ensure that where appropriate, considerations are made to the overall request from any commissioner and that a full cost benefit analysis' is undertaken to ensure the viability of any such service.
- Active Northumberland is a key partner for Northumberland County Council and wherever possible with a clear rationale and associated plan, services may be integrated within leisure centres for the benefit of local communities.
- The funding and commitment to provide community based services needs to form part of the formal operating agreement between NCC and Active Northumberland to ensure that any such commitment to provide community based services which will not achieve financial balance or be part of an overall business planned decision by the Board should be contractually fully funded or the decision made not to continue to operate such facilities.
- A review of commissioned services needs to be undertaken and where appropriate consideration by the board whether they may cease to continue to provide such services in discussion with Northumberland County Council.
- The Pricing Policy needs to be extensively reviewed and an exercise undertaken to map data of previous users against the new membership base and analyse usage from those areas.
- The Pricing Policy needs to be continually reviewed to increase the usage by disadvantaged groups and ensuring that there is a strong link to promoting health and wellbeing within the county. There should be a clear framework for enabling individual centres to make proposals to allow discounted access to facilities by disadvantaged groups during low usage times
- An exercise which needs to be undertaken to review facility development against the Sport England Facilities Planning model and

consider provision particularly where facility improvements are being considered.

4. Culture

4.1 Values

The values of Active Northumberland are clearly identified, strong and clear however they have not been lived to within the organisation.

The organisation has been described by staff as having chaotic and dysfunctional leadership (prior to the existing interim arrangements being put in).

4.2 Organisational Leadership and Control

Active Northumberland has had its own Chief Executive Officer and is commissioned by Northumberland County Council to deliver services under its operation as a leisure trust on its behalf. It is expected that there should have been a clearly defined specification in an operating agreement or specification, and whilst a draft exists, it was never formally signed nor was it followed in spirit, principle or detail.

The organisational leadership has not been effective and this has resulted in the Council providing direction and decision making which has the potential to complicate the eligibility of the terms afforded to a Leisure Trust.

4.3 Performance Management

There is no existing framework for performance management within the organisation and this would enable staff to monitor an agreed Operating Agreement between all parties which would in turn be understood by all parties and inform business planning.

There is also no existing operating agreement and the client relationship management at the Council has been non-existent and much at the behest and dependent upon the Council's funding. It is imperative that the Council ensures that it has a strong client management relationship arrangement in place to provide assurance to the Council as core funder. It is also essential that the Council's client management relationship strategically can ensure that opportunities for improving facilities and services for residents of Northumberland are taken and invested in accordingly. This also includes working with regeneration and health colleagues to maximise opportunities wherever possible.

Arrangements to improve performance of health and wellbeing activities are done on an informal basis between Council departments and Active Northumberland. A formal strategy is not in place however there is support from members of the Health and Wellbeing Board which will help facilitate this.

4.4 Organisational Culture

Staff have described the organisational culture prior to the interim leadership arrangements being put in place as being chaotic and dysfunctional and there is a view from staff that the organisation has been controlled and driven by the Council whilst operating as an independent leisure trust.

There is a limited level of Trust amongst staff and staff have described the culture as being not inclusive and if you disagreed with certain individuals within the management structure and the council that “your job was on the line”.

Recommendations

- The organisation’s vision and values need to be relaunched and embedded within Active Northumberland.
- Active Northumberland should ensure that its management structure and organisational influence is entirely independent of Northumberland County Council, or indeed any organisation or single individual on the board.
- A performance management framework which supports clear key performance indicators, needs to form part of the integrated operating agreement and this needs to be clearly understood by all parties.
- An organisational development strategy needs to be established so that Active Northumberland can clearly demonstrate its aspirant culture consistently across the organisation.

5. Governance and decision making

5.1 Governance

Active Northumberland has had limited opportunities to demonstrate robust governance on the basis of continuous implemented change and funder directions given by the Council.

Operational governance particularly in relation to health and safety, organisational policies and robust policies and procedures had been significantly lacking across the organisation prior to the commencement of dedicated senior resource approximately 12 months ago to address this. Significant progress has been made during this time however the historical nature and size of the governance issues are of significant concern.

Financial governance has been unsatisfactory and been held too close by Northumberland County Council with the Council having created a position where Active Northumberland has been solely dependent on the Council for its financial funding to continue to be a going concern.

Board level governance has struggled to be effective based on the overall ability to fulfil key statutory responsibilities based on the lack of available information or lack of information presented to board members for consideration.

5.2 Lack of Council/Client role

Active Northumberland has not had an expected formal client relationship with Northumberland County Council and this has hampered Active Northumberland in relation to its ability to articulate its expectations.

The Council has also been unable to assure itself that it has had effective oversight and scrutiny of the services it expects Active Northumberland to provide. There has been a limited effective role of internal audit and the Audit Committee and scrutiny function of NCC has been kept at arms length with limited information being made available to elected members and senior officers to ensure assurance of such arrangements that should be in place.

5.3 Lack of Service Level Agreements

Active Northumberland is currently in receipt of a number of services from Northumberland County Council which are not formally documented in signed off Service Level Agreements. There are a number of Service Level Agreements which have been drafted and the specification of these does not reflect the full scope of the work that it being undertaken. This includes support services e.g. HR, Finance, Communications but also some contracted services which relate to maintenance/Health and Safety etc.

5.4 Job Evaluation

Active Northumberland has staff operating on 9 different sets of terms and conditions and this has been problematic in relation to the overall management of the organisation including the impact that this has had on recruitment, staff morale and pay and conditions differentials which has significantly impacted the organisations ability to bring together its workforce unified as one organisation. Progressing the harmonisation and job evaluation process has not been given the priority that it has needed.

Harmonisation of these terms and conditions is now well underway and although Job Evaluation remains incomplete at the time of writing this report, the exercise has now been escalated and resourced by NCC and Active Northumberland management who have agreed additional facility time for trade union representatives to ensure that this is completed in a timely manner with final negotiations now commencing with trade union colleagues prior to implementation.

5.5 Lack of Reward Strategy (including appraisal)

There is no reward strategy (informal or formal) which is evident through poor morale, lack of staff supervision, coaching, team development and engagement processes. Appraisals have been sporadic and with no uniformed system in place for monitoring the achievement of these.

Recommendations

- That Active Northumberland ensure that there are policies, procedures, systems and processes in place which protect its governance and assurance from other organisations.

- That Northumberland County Council clearly operate within the Nolan principles and the legislative boundaries that it is able to including the Local Government and the Companies Act (s).
- That Active Northumberland create strategic capacity at Board and Executive level in Active Northumberland to ensure that there is sufficient robust challenge to any particular individual or organisation (including Northumberland County Council)
- That a formal Commissioner/Client arrangement is established through the formal operating agreement with formal monitoring and dispute arrangements.
- That all SLA arrangements are formalised for financial, safety and performance purposes including appropriate procurement arrangements put in place if required.
- Job evaluation needs to be completed as a matter of urgency through a transparent process and in full consultation with staff and trade union colleagues.
- That Active Northumberland develop an effective reward strategy which includes an appropriate appraisal and performance review system.

6. Finance and budgeting

6.1 Ineffective budget management arrangements in place

Budget management arrangements for Active Northumberland have not existed and during a forensic examination of the financial budgets of Active Northumberland these have been chaotic, of multiple layers and offer no picture of true budget management based on the financial subsidy received from NCC.

Budgetary information has been made available on a regular basis to managers at a local level however the accuracy of such information cannot be verified given the complexity of the finances of the organisation. Budgetary information has not been made available on a regular basis to the Board within Active Northumberland, despite repeated requests. During this review it has been identified that there have been insufficient arrangements in place to ensure that robust financial management arrangements or support from Northumberland County Council has been in place to allow Active Northumberland immediate access to the appropriate financial management information that they require so that they can manage their resources appropriately.

There is evidence that ad-hoc decision making was at the behest of the Council with funding being committed from different Active Northumberland or Northumberland County Council budget lines (on occasion with no budget funding within them). On all occasions there is no evidence of a plan or rationale for such ad-hoc decision making.

It has taken 9 months to unpick and decipher the opaque and unclear finances which were being presented for Active Northumberland only since January 2018 has it been established how much it truly costs to run the organisation.

6.2 Imposed Financial Commitments made by Council

During its tenure as Active Northumberland, Northumberland County Council have imposed financial commitments with and without the knowledge of Active Northumberland management and the Board. The NCC services which have been transferred to Active Northumberland been drastically reduced in function and structure soon after their arrival to Active Northumberland.

6.3 Lack of clarity about true costs and cross council working arrangements

The ineffective financial monitoring and reporting arrangements in place have resulted in opaque arrangements being created by the Council.

6.4 Lack of financial controls and procedures

There have been limited if not no financial controls and procurement procedures in place within Active Northumberland. This has ranged from petty cash, procurement and to financial management. Given that there is documentary evidence of financial procedures and policy documentation having been prepared by Active Northumberland's Head of Operations, but never presented to the Board.

6.5 Use of Audit

There is no evidence of an agreed audit plan arrangements to allow delivery of an overall annual audit opinion on the framework of governance, risk management and control within Active Northumberland, based on unfettered access for assurance providers and linked to key risks. The involvement of audit as part of the access arrangements to the Shared Service is not sufficient.

There is evidence which clearly outlines that the use of internal audit has been on an ad-hoc basis with limited activity which has not assisted the organisation in ensuring that it has appropriate governance arrangements in place.

6.6 Risk Appraisal

There is no established forum or process for Active Northumberland to appraise its risks and this is of concern within the context of strategic and operational developments.

Recommendations

- Financial systems and budget management arrangements must be in place to ensure that there is complete visibility of costs of the Active Northumberland operation and the Council's costs associated with its core funder arrangements.

- Active Northumberland takes the appropriate steps with its board arrangements to ensure that finance (and audit) is a key skill set on the board.
- Active Northumberland Board need to formally consider any commissioning of decommissioning of services by Northumberland County Council or other stakeholders, third party providers and all decisions need to be formally documented and the transition planning carefully managed and communicated.
- Ensure that financial monitoring and reporting arrangements are in place for Active Northumberland
- To ensure that Active Northumberland establishes appropriate financial controls and procedures which operate good financial stewardship.
- There needs to an agreed SLA to facilitate access to the Audit Shared service but the establishment of an Audit Committee and the agreement of an Audit plan approved by the board needs to be in place at the earliest opportunity.
- That Active Northumberland establish a formal risk appraisal process to ensure that both strategic and operational risks are managed and escalated to the Board as required.

7. Business model

7.1 Current business model

There is no current business model in place for Active Northumberland.

There is also no prescribed outcomes from Northumberland County Council as part of the Commissioning arrangement which would support the development of a business model.

Some of the key Council policies that support the Active Northumberland, such as concessionary pricing policies are not in place.

7.2 Strategic Fit

Active Northumberland has acquired services through non aspirant means and these services may not have been the most appropriate strategic fit and this has resulted in a diversification of the overall direction of travel for the trust and has placed huge demands on a severely depleted management team.

Recommendations:

- Develop a prescribed business model for the organisation to focus on key areas of growth potential and delivery against the Council's physical activity and health and well-being objectives.
- Bundling services according to target market segments in a manner that creates a stronger offer
- Complete business model generation activity and refine business plan for all priority areas
- Develop a coherent and proactive marketing and promotional strategy, optimising impact and growth potential from customer data and health & physical data insights.
- Active Northumberland needs to ensure that its strategic fit for services is appropriate and in line with the organisation's vision or the formal request to support any such development of additional services to the Active Northumberland family of services is considered by the board.

8. Marketing and Communications

8.1 Marketing

The approach to marketing has not been satisfactory.

There is no strategic marketing plan, campaigns have been expensive and with no real approach to facilitating sustainable growth within the business.

Staff working within Active Northumberland on marketing and communications have not been consulted over campaigns and methods of undertaking additional non-routine activities.

8.2 Communications

Communications have been defensive and closed with limited engagement with both internal and external stakeholders.

Communications have been inconsistent and on occasions highly damaging reputationally which reflects the organisation having no strategic plan.

Recommendations

- To establish a formal marketing and communications strategy for Active Northumberland including a robust social media campaign to ensure that residents of Northumberland can communicate and are aware of the services offered by Active Northumberland. This would give Active Northumberland the opportunity to proactively promote the service and build a positive reputation with customers

9. KPIs

9.1 Performance management and measurement

Performance management arrangements have been weak and there has been no benchmarking data to assist in the facilitation of measuring performance satisfactorily.

During the strategic review it was identified that there have been lots of key performance indicators collated, membership numbers were available and in some instances these have been analysed at leisure centre level.

The measurement of key performance indicators has been inconsistent and there has been no uniformed approach to managing standard KPI's during the tenure of Active Northumberland.

9.2 Data benchmarking to support improvement planning or providing data sets to support business development opportunities.

There has been no data benchmarking available due to the lack of performance management arrangements in place, this is also added to by the lack of engagement with national submissions.

With the exception of the new Ashington Leisure Centre, and even then as a one off exercise, there has been no data benchmarking available due to the lack of performance management arrangements in place. this was exacerbated by the Council making the decision to to stop Active Northumberland participating in national benchmarking clubs.

9.3 Customer Services

There is a lack of consistent customer focus throughout the organisation. It is inconsistent from centre to centre, service to service and there is evidence of the customer being an afterthought on some occasions. That said, there is also some examples of excellent customer service within particular environments across Active Northumberland. Overall, it appears that there is a lack of an organisational strategy to support high quality Customer Services across the organisation.

9.4 Customer Feedback and Complaints

There is no system for dealing with customer feedback within Active Northumberland. Where customers do offer feedback this is taken on an ad-hoc basis and not seen as an opportunity to improve and develop systems and processes across the organisation.

Recommendations

- Ensure current software systems provide accurate, reliable and timely performance information
- Use the usage, budgetary and other performance data to develop a basket of indicators to effectively measure performance.
- Undertake regular data comparison through national benchmarking systems and organisations.
- To develop a customer focus agenda/strategy which is embedded throughout the organisation.
- That Active Northumberland ensures that it has its own capacity to fulfil its Customer Services requirements and makes a decision on call centre arrangements for the organisation at the earliest opportunity possible.
- That Active Northumberland ensures that it has a way of encouraging customer feedback, both positive and negative and that this is used to facilitate service improvement across the organisation.
- That Active Northumberland establishes a complaints system which responds to customer concerns and ensures that any learning which takes place across the organisation.
- To utilise existing technology e.g. AN App to gain better customer insights information (data collection using SMART techniques).

10. Risk & Quality Management

10.1 Assurance

The Active Northumberland Board have not been assured in relation to assuring Active Northumberland has all its risks assured on a regular basis.

10.2 Priorities for Capital Investment.

Priorities have not been supported and Capital Investments have been undertaken on sites which are very poor in terms of their site arrangements.

10.3 Health and Safety and Safeguarding

Health and Safety activities have historically not been prioritised and at the time of writing this report a significant amount of remedial work had been undertaken and completed following the introduction of some dedicated senior resource being recruited to Active Northumberland approximately 12 months prior to the strategic review taking place. There is evidence that historically, the importance of health and safety was not as paramount to the organisation as it should have been with staff training, incident reporting and maintenance schedules being unclear and not documented. It is important to note that there was limited information presented to the Board in relation to Health and Safety but this has improved significantly within the last twelve months.

There are a number of issues related to safeguarding which have given concern. These include the arrangements for Board oversight of the operation of the nursery facility and issues such as potential operation of swimming pools with alternatives to staffed lifeguard arrangements.

Recommendations

- That the Active Northumberland Board puts in place measures to ensure that for its commissioned services which it is providing on behalf of the council that these they are assured that the risks are being managed.
- That the Active Northumberland Board develop their proposals in terms of priority for requiring capital investment so that these can be

formally discussed with Northumberland County Council as core funder

- That the Active Northumberland Board continue to raise the profile of Health and Safety to the highest level to ensure that all ongoing remedial work is completed and staff are supported to raise concerns and develop safety initiatives appropriately.
- The Active Northumberland Board have reviewed safeguarding proposals.

11. Conclusions

- It is of significant concern that there have been operational financial and governance issues within Active Northumberland that have been significantly detrimental to the organisation's effectiveness to deliver high quality services for the residents of Northumberland.
- The summary report presented covers the key findings which the independent reviewer concluded within their report.
- The involvement of Northumberland County Council in Active Northumberland's operational ability to achieve their own strategic destiny has significantly hampered their ability to do so and such a level of involvement should not have been the case.
- The staff of Active Northumberland have contributed significantly to continuing to provide services to the residents of Northumberland with extreme resilience and it is important that this is noted. It cannot be underestimated the difficulties that staff have encountered and that they have continued to put their customers and residents at the forefront of their duties despite the unethical and negative organisational culture which staff have been working in. The environment for staff has been challenging and dysfunctional with a fundamental lack of positive attributes which could create a healthy organisational culture.
- As a County Council we have significant public health responsibilities for the residents of Northumberland and it is important to note that the Council sees a positive and strong link from having an effective leisure organisation to partner with to deliver health and wellbeing interventions, to build sustainable communities where people want to live, work and visit which are of benefit to residents.

12. Recommendations

- Note the key findings and conclusions of the strategic review
- Note the recommendations regarding the company make up, constitution and ongoing relationship with Northumberland County Council.
- Support the recommendations identified within this report. That the above recommendations are concluded in their entirety through the development of an Action Plan which the Council as core funder will seek assurance of throughout 2018-19 at intervals to be agreed by the Board.

- That the Active Northumberland Board lead the strategic direction of the organisation and that the contractual operating agreement is put in place no later than 1st April 2018.

Daljit Lally
Chief Executive
February 2018