

BACKGROUND

The Leisure Review

1. The Council initiated a fundamental Leisure Review in 2012 in order to reassess how leisure services were being delivered across the county. The rationale for the Review was to explore ways in which these discretionary but valued services could be protected and improved. To this end, the objectives of the Review were to define an approach that would:
 - improve the health and well-being of residents
 - deliver a consistent quality across the county
 - create a simpler, more cohesive management structure
 - provide better value for money
 - improve efficiency
2. Given this remit, a key consideration in the Review was to evaluate the effectiveness of the current operating arrangements. These stemmed from the legacy of the former District and Borough Councils and as such five separate management arrangements were in place, run by:
 - Blyth Valley Arts and Leisure (BVAL)
 - North Country Leisure (NCL)
 - Tees Active leisure
 - Leisure Connection, now known as 1 Life
 - In-house operation for the former Wansbeck facilities
3. Each of these operators had their own management approaches with different levels of support services, and varying pricing levels, membership and booking systems. In addition, to further add to this complexity, a number of other bodies were also operating within the "leisure landscape"; most notably these included Northumberland Sport (the County Sports Partnership) and the Council's Strategic Leisure function.
4. The outcomes from the Leisure Review have subsequently prompted the phased introduction of a number of changes to the management of the Council's Culture and Leisure Services.
5. The first of these, undertaken in April 2013, was to transfer the former Wansbeck District Council functions into BVAL. This was followed twelve months later by the transfer of Northumberland Sport and the Strategic Leisure function to BVAL. At this juncture, the Council also appointed the Chief Executive of BVAL to a new Head of Leisure post within the Council. This brought significant savings at a senior level whilst enabling the effective transfer of these functions without any major issues or service disruption.
6. The next more substantive phase was to integrate the five managing operators into a single trust. An options appraisal was undertaken to determine the preferred

approach to creating such an organisation, the alternatives explored included; the setting up of a Community Interest Company, an asset transfer and the creation of a Joint Venture. From this the Council agreed that the preferred solution was to build the new trust by retaining and expanding the existing Active Northumberland model.

7. Active Northumberland was originally set up a legal entity by BVAL and NCL to deliver more unified services for Northumberland. Each operator used the Active Northumberland branding and website, however, all trading and service delivery remained routed through the existing organisations. As well as contributing to Council priorities, Active Northumberland quickly developed a sound track record of delivering savings, with £1m being returned to the Council in both 2013-14 and 2014-15.
8. A new governance structure for Active Northumberland is now in place. It remains a charity and not-for-profit limited company but the Council is now the only member and there is a Board of 16 trustees. BVAL, NCL and Tees Active transferred to the new trust on 1 October 2014 and Leisure Connection on 15 December 2014. The previously fragmented services are now unified in one organisation and all are under one operation with a Northumberland-only focus.
10. In addition to this, the management of the Council's Cultural Services has been realigned. The responsibility for the Culture, Leisure and Tourism functions of the Council now sit within the remit of the Head of Leisure post. In doing this, the Head of Service was given a clear brief to modernise the services and to identify options for future service delivery.

The operation of Active Northumberland

Current Service Provision

11. The current services managed by Active Northumberland are:
 - *All facilities management:* There are 13 large leisure centres spread across the county with a combined income of £9,500,000. *Sports development:* This service covers the whole county and offers support to sports clubs, communities and schools as well as providing direct activities in targeted areas.
 - *Northumberland Sport:* This is the County Sports Partnership which manages national sports initiatives and directs a significant amount of grant funding into the county
 - *Council's Strategic leisure function:* This function is responsible for managing the leisure landscape across a number of areas and making sure a strategic approach to facility development is taken.

The total turnover for all of these services is £14,000,000

Financial Plan and Proposed Savings

12. Active Northumberland has produced a 4 year financial plan to identify the savings target and map out the Council's subsidy levels. This includes a 2 year detailed savings plan that contributes to the Council's 2 year financial plan.

Leisure Savings			
Year	Management Fee	Proposed savings	Management Fee Proposed
2015-2016	£3,700,040	£760,040	£2,940,000
2016-2017	£2,940,000	£1,005,000	£1,935,000

Capital Programme

13. This financial plan has been produced alongside development plans for the sites targeting capital investment from the Council through invest to save. Through these developments and the wider issue of a joint delivery organisation, opportunities for co-location of services have been identified along with joint schemes particularly with education and libraries. This approach will generate surpluses at key sites to support sites which cannot break even. In order for this to work a one size fits all approach cannot be taken there will need to be differential pricing across the County.
14. Part of the savings plan will be delivered through centre developments and improvements which will improve income at the centres. The proposed developments can be split into 2 groups and are:
1. Sites with firm costed proposals
 - New centre in Ashington – open autumn 2015
 - Major development in Concordia – expected start Jan 2015
 - Development in Blyth Sports Centre – expected start march 2015
 - Development in Willowburn – expected start march 2015
 - Development in Waterworld – expected start march 2015

£20m of Council funding and a £1m grant have been committed to the Ashington project and this will provide a modern leisure centre and library in the development quarter of Ashington. A further £3.7m has been committed for developments in existing south east sites which is in addition to £10m over 5years for essential remedial works.
 2. Sites where plans are yet to be drawn up
 - Morpeth
 - Ponteland
 - Swan Centre
 - Wentworth

Although these plans have not been developed in detail there are initial proposals to build new leisure centres in Morpeth and Ponteland linked to land development opportunities. £20m has been put into the future capital programme for these.
15. In addition, there is work being carried out to ensure sports facilities on school developments are both fit for purpose for curriculum use and are able to support a community use programme. These schools are Ashington, Bedlington and Prudhoe High Schools. Alongside these capital works a significant amount of work is going

into a more co-ordinated and managed approach for primary PE through Northumberland Sport and the school games organisers.

16. The operational integration also brings opportunities for leisure to have a greater reach in areas of Health, Social Inclusion and Economic Regeneration. The benefits of this are already being seen in the activity areas of walking and cycling. Greater links with public health (results of a jointly developed lifestyle survey will be available in January) and existing work with disadvantaged communities can be rolled out county-wide. One immediate benefit has been the attraction of the Tour of Britain for 2015 with an option for 2017. Events of this scale will boost the economy through tourism and act as a catalyst for increasing physical activity. Not to mention the feel-good factor events such as these provide for local communities along the route.

Next steps

17. In order to inform the next phase of the Trust's development, PWC were commissioned to review progress to date and consider future delivery. This work has now been completed with PWC emphasising that the following objectives should be reinforced when moving forward:
 - The Council faces a transformational challenge in relation to the scope of services and what it can continue to fund, whilst funding is under pressure
 - The need to deliver integrated community based services, collaborative service delivery with partners to improve the health and wellbeing of the residents of Northumberland
 - Deliver maximum financial benefit and operational efficiency
 - The opportunity for staff to engage with the strategy and running of the business, which will lead to a more empowered, motivated, and productive workforce.
18. Within this context, a number of additional steps have been identified.

Joint Arrangements with the Council

19. Firstly, with the different contractual arrangements now all under the Active Northumberland umbrella, a new management agreement will be put in place between the Council and Active Northumberland. This will clearly articulate the Council's priorities, and illustrate how Active Northumberland will meet those priorities and measure performance. This agreement will be managed through an Active Northumberland Business Plan which will be produced after the final transfer of facilities. This will build on the existing business plan and will be monitored by the Board and regular presentations to the Council.
19. Secondly, following the transfer of budgets, a joint approach to financial management will be put in place between the Council and Active Northumberland. This will not only provide support to Active Northumberland but will allow the Council to manage any financial risk. There is a Corporate Services Manager from the Council currently working with Active Northumberland and this is proposed to continue. Additionally as much of the expenditure in Active Northumberland is on staffing, with a number of different conditions of service and pay rates to bring together, there will also be considerable collaboration with the Council on Human Resources (HR) matters.

Active Northumberland is part of the Council's "family of companies" therefore sharing of services can offer support, add value and create efficiencies.

Transfer of Additional Council Functions

20. In addition, the PWC review highlighted the scope for the Council to consider the transfer of other related services to Active Northumberland.
21. At present the Culture, Libraries and Tourism service is being managed alongside the Leisure Service by the Chief Executive of Active Northumberland in his role as Head of Service. This service is currently being reviewed in relation to the Council's modernisation of services agenda and the estate rationalisation programme. Given this and in the light of the considerable work already undertaken to consolidate the Council's culture and leisure functions, it is now proposed to bring this service into Active Northumberland. This will further expand on the benefits of wider integration, bring economies of scale, and facilitate greater efficiencies.
22. In order to carry out the necessary consultations and conclude the existing evaluation of the service a transfer date of 1 April 2015 is proposed. This will allow Active Northumberland time to prepare an integrated management structure and operating model, meeting the Council's 2 year savings plan for this function.

Culture, Libraries and Tourism Savings		
2015/16	2016/17	2017/18
£720,000	£1,000,000	£750,000

These savings are to be delivered from a total current budget of: £6,380,000

Breakdown below

	Gross Budget	Income	Net Budget
	£'000	£'000	£'000
Arts & Heritage	1,996	0	1,996
Libraries	3,833	-407	3,426
Tourism	1,525	-568	958
Total	7,355	-975	6,380

23. As part of the drive to integrate all services within the leisure and cultural sector it is also proposed to transfer the strategic management of all open spaces to Active Northumberland. This includes the Council's strategic parks and all playing fields (20 strategic parks, 38 playing pitch venues and 6 bowling greens). This will build on the already close work that has been established in this sector where leisure officers

have worked with green space officers to develop sites and hold events. The lines of responsibility have previously been unclear, this arrangement will firmly place the responsibility of strategic management with Active Northumberland allowing all the leisure and sports assets to be managed in an integrated manner.

24. Work is currently underway in assessing the budgets and extent of this transfer and the expected date for transfer is 1 April 2015. However, because there are no clear service standards and budgets have historically been managed on an area basis including other neighbourhood services, this is to be determined. The first year after transfer will be used to set standards and agree on monitoring arrangements. This will mean that the transferred budgets will need to be reviewed throughout the first year and again at the year end. The joint financial management arrangements proposed will ensure this is carried out in an effective manner. Within this, provision will also be made for the budget savings from Outdoor Leisure. This has been identified as £121,000 as part of the Council's 2 year savings plan.

Overall Benefits

25. These changes are consistent with the ambition of the Council to set up an organisation with a Northumberland only focus that can manage all aspects of culture and leisure whilst delivering improvements and savings to the service. The changes clearly support the principles the Council is working to in its current budget process:

- Driving efficiency and effectiveness throughout the organisation
- Ensuring access to services is fair and consistent across the county
- Optimising revenue and grant funding opportunities
- Prioritising our statutory services
- Innovative new ways of working to protect discretionary services
- Closer working with voluntary and community partners

They also demonstrate a clear commitment to the service, residents and customers whilst protecting jobs and staff during a difficult time.