

# Overview & Scrutiny Committee



## Leisure Strategic Business Review Inquisitive Inquiry

December 2010



NORTHAMPTON  
BOROUGH COUNCIL



## **Report of Overview and Scrutiny Committee**

### **Inquisitive Enquiry Report – Leisure Trust Implementation**

**Cabinet - 19<sup>th</sup> January 2011**

#### **1. Purpose of report**

- 1.1 For Overview and Scrutiny Committee to report to Cabinet on the outcome of the inquisitive enquiry undertaken in response to the decision by Cabinet to establish a charitable trust for the provision of leisure, sports development and play services.

#### **2. Recommendations**

That Cabinet:

- 2.1 Carefully considers the findings of Overview and Scrutiny Committee, summarised in paragraph 5.
- 2.2 Notes that Overview and Scrutiny Committee is confident that a charitable trust is the management option most likely to secure service improvement and value for money for the provision of leisure, sports development and play services.
- 2.3 Notes that Overview and Scrutiny Committee is satisfied that the implementation process is robust.
- 2.4 Notes that Overview and Scrutiny Committee is satisfied that appropriate stakeholder engagement has taken place with the main stakeholder groups affected by the implementation of a charitable trust.

### **3. Background**

3.1 During 2009 the council undertook a strategic business review of leisure, sports development and play services. As part of the review a management options appraisal was undertaken.

3.2 The management options appraisal identified and evaluated the management options for the delivery of leisure and sport in Northampton. In particular, it considered the potential benefits that models such as charitable trusts and private sector provision might provide.

3.3 Specifically the management options appraisal:

- Determined if the Council is currently achieving value for money
- Identified a range of opportunities to maximise financial advantage and, in particular, to access new opportunities for savings and investment
- Identified criteria against which potential options can be measured
- Identified the advantages and disadvantages of each management option
- Undertook a financial evaluation of a range of options
- Reached a conclusion as to the best management option for NBC

3.4 An inquisitive enquiry was subsequently set up by Overview and Scrutiny Committee. The inquisitive enquiry group agreed that, as part of their work, they would ensure they specifically responded to the views expressed by Overview and Scrutiny Committee during the call in hearing.

3.5 The charitable trust implementation phase is now drawing to a close. The inquisitive enquiry was undertaken alongside the charitable trust implementation process.

3.6 A report seeking agreement to establish the charitable trust will be presented to Cabinet on 19<sup>th</sup> January 2011. It is therefore timely that the findings of the inquisitive enquiry are also being presented to the same Cabinet meeting.

#### **4. Approach**

4.1 Membership of the inquisitive enquiry group was as follows:

Councillor Keith Davies (chair)

Councillor Lee Mason

Councillor Judith Lill

Councillor Jenny Conroy

4.2 The inquisitive enquiry group used a number of methods to undertake its work.

4.3 It held regular meetings to:

- Develop its understanding of why the council had decided to implement a charitable trust, to test the rigour of that decision.
- Develop its understanding of the implementation process, so that it could ensure the process was robust.

4.4 It engaged with key stakeholders by:

- Undertaking a site visit to an established leisure trust
- Meeting with a staff group
- Meeting with a group of service users

4.5 It requested a technical session so that it could gain assurance that the complex legal, financial and property implications associated with establishing a charitable trust were being properly dealt with.

## 5. Findings

5.1 Key findings of the inquisitive enquiry group are summarised as follows:

- A strong business case was developed that justified the decision to establish a charitable trust for leisure, sports development and play services.
- Other options such as retaining the service inhouse and outsourcing to the private sector had clearly been given full consideration before being rejected in favour of the charitable trust option.
- It was welcomed that the charitable trust would be a 'not for profit' organisation and surpluses generated would be reinvested in the service or returned to the council.
- It was welcomed that the charitable trust would have strong focus on improving quality of life by targeting services at those in need
- There was evidence that the charitable trust could protect the service from future cuts by opening up new opportunities for funding, service development and partnership working.
- There was evidence that the charitable trust could be a more cost effective model due to VAT advantages and non domestic rate relief.
- The implementation process used to establish the charitable trust was robust.
- The implementation project appeared to be well managed and appropriately resourced.
- The complex legal, financial, HR and property implications of developing the new organisation appeared to be being adequately dealt with using both internal and external expertise.
- The site visit to an established leisure trust provided evidence that the proposed model had the potential to work effectively.

- The site visit was open and honest and gave an insight into some of the challenges a new charitable trust would be likely to face, and how they might be responded to.
- There was no strong opposition identified from the dialogue that took place with any of the stakeholder groups.
- Most staff had been kept sufficiently well informed about the impending change and were broadly supportive of the proposal.
- Staff were keen to be involved in the implementation of the new arrangements.
- Ongoing communication with staff was considered to be vital.
- Service users were very positive about the standard of service they currently receive.
- Service users understood and accepted the reasons why the council had decided to set up a charitable trust.
- Service users valued staff and sought reassurance about the impact the charitable trust might have on them.
- Service users were generally positive about the prospect of the transfer to a charitable trust provided it did not directly lead to service reductions or price increases.
- The managing director designate demonstrated an excellent knowledge of the service, was well respected by staff and appeared well equipped to take up the leadership of the new organisation.
- Good progress was being made with the appointment of trustees, which was recognised as being absolutely key to the future success of the charitable trust.
- Care needs to be taken to ensure a full complement of quality trustees is achieved as soon as possible.
- The decision to establish the charitable trust was not without risks but the main risks were well understood and were being appropriately managed.

- Tight budgets were considered likely to be the biggest threat to the future success of the charitable trust.
- It was demonstrated that equalities issues had been given due consideration and were being appropriately assessed and responded to.
- It was apparent that there would be some big challenges facing leisure, sports development and play services in the future and it was considered that the charitable trust was the best option available to the council to respond to these challenges.