



Improving efficiency in the culture and sport sector

Looking for new ways of delivering culture
and sport services

Introduction

A simple introduction for elected members and managers to different ways of delivering culture and sport services.

In the current financial climate, the culture and sport sector faces major challenges in ensuring services are efficient, offer good value for money and tie in with other key local priorities. However, the culture and sports sector is far healthier than it was five years ago. It is therefore in a better position to be proactive in local area approaches to addressing efficiency and reductions in public funding.

The concept of the 'big society', launched by the Prime Minister in July 2010, provides even greater opportunities for culture and sport to be placed at the heart of the community agenda. The sector is well placed to lead the way by embracing new delivery models and working in partnership with the local community, voluntary groups and social enterprises.

This document provides elected members and managers working in the culture and sport sector with some ideas and advice on how they might respond to the current financial pressures by improving the efficiency and effectiveness of their services. The range of case studies presented provides evidence of innovative service improvement and transformation already underway across a growing number of local authorities. Crucially, many of these

improvements have focused on protecting frontline services and reconfiguring delivery systems to ensure that the culture and sport sector can continue to deliver the range of culture and sport services that the public value.

This is not intended as detail guidance telling you how to do it but points you towards additional sources of information and support that are available to elected members and managers working in the culture and sport sector.

A second document 'A simple introduction for elected members and managers to making better use of your assets in the culture and sport sector' provides guidance on sharing and transferring assets and can be read in conjunction with this document.

Different models of service delivery

Historically, councils have provided a wide range of culture and sport services delivered in a range of different ways including contracting to private companies, through trusts and in partnership with community and voluntary sector partners. However, the process of externalising services is becoming increasingly more common as councils look for cheaper and more efficient ways of providing services.

However, others have kept their service in house and also improved efficiency and effectiveness by changing how they are delivered. It is important that councils properly consider all their options in a rigorous option appraisal process to find the approach that works best for them and consider all the risks and short and long term implications of any decisions they make.

Within the current culture and sport sector it is possible to identify six different models of service, with variation in the extent to which each model departs from the more traditional model of in-house council managed and delivered culture and sport services. However these simple options are becoming more complex as councils also consider a range of hybrid solutions. In addition it is important to recognise that a thorough options appraisal may result in councils deciding not to externalise services.

A recent Business in Sport and Leisure (BISL) publication identified that currently there are 3,386 public leisure facilities in England. Of these, 2,110 (63 per cent) are managed in-house, 25 per cent are managed by leisure trusts and 12 per cent are managed by private sector contractors. The balance of the total of over 7,500 public sector venues are managed by schools and colleges, sports clubs and community organisations.

The different service models include:

1) Partially externalised service

This is often a starting point for councils looking to pursue a different model of service delivery. In this model the council 'contracts out' to a private contractor or trust only some elements of its culture and sport provision for independent management. For example, contracting out a council leisure centre to a commercial provider or placing an arts venue in the hands of a trust.

2) Fully externalised service

This model involves the council transferring all, or the majority of, its culture and sport provision to a private contractor or trust at one go. This model may include the transfer of buildings and assets as well as services such as sport development and arts development. At present the most common method is to transfer them to a leisure trust.

Sporta, the representative body for social enterprises within culture and leisure in the United Kingdom, currently has a membership of 109 leisure trusts and social enterprises, ranging from small trusts representing single leisure centres to larger organisations managing more than 65 sites. While many councils will facilitate the setting up of a new trust specifically covering their own facilities increasingly existing larger trusts are being seen as the provider of services and some significant social enterprise companies are now forming across the country.

3) Hybrid model

This model is created usually by the formation of a trust who then partially or fully contract out the service to an external management company – predominantly a commercial provider. The external management company is contracted for an agreed period to deliver culture and sport services on behalf of the trust.

4) A Shared service model

This model fast emerging involves two or more councils jointly running or managing the culture and sport services together. Shared service can be delivered in two ways, namely through:

- an ‘informal’ dimension in which the two services are independent but there is joint working and some sort of partnership framework or agreement
- a ‘formal’ dimension in which there is a single service, serving two or more different councils.

The advantage of this arrangement is that it can be service specific – that is, just an arts or museum service rather than all culture and sport services. It is also likely to be much quicker and cheaper to establish a shared service model than developing a new leisure trust. This approach is also likely to suit smaller district councils with comparatively low populations.

5) An independent voluntary trust

The independent voluntary trust model usually relates to a service specific model – that is, just arts or museums. This approach is similar to both a partially or fully contracted out service. The main difference might be that it revolves around managing and delivering services and projects rather than around a building.

6) Worker cooperatives

On the horizon may be a new model based on staff taking control of a facility or service they have been working in. This may be the case where small venues or small scale development services are under threat of closure and staff are given the opportunity to run the facility themselves either through a leasehold arrangement or a full scale asset transfer.

In all the options councils may wish to consider transferring the asset itself to the new provider. See also separate guidance on ‘Sharing Assets’ and ‘Asset Transfer’.

Considerations

Evidence from the growing number of councils that have adopted different models of delivering culture and sport services highlights the positive impacts, most notably with regard to:

- efficiency savings
- improvements in service delivery
- increased productivity
- increased user benefit and social outcomes
- increased partnership working.

Recent research published by The National Association of Local Government Arts Officers – see later section on sources of information and guidance – on the benefits and issues involved in contracting out council arts services found that externalising the service had changed it for the better in the majority of cases.

Specific financial benefits in contracting out leisure and or, cultural services in this way include:

- service efficiencies
- financial savings through council tax relief and or VAT savings
- the ability to raise external finance
- greater flexibility in employing and or contracting staff.

Operational and developmental benefits include the ability to assess the feasibility of reinvesting in existing building stock or developing new facilities to support service delivery and improve customer access and awareness. The development of a trust also provides opportunities to compete for contracts from other councils or agencies in order to generate revenue streams. It is important to recognise that trust status does not guarantee security from restructuring or service cuts.

Evidence of existing independent leisure and or culture trusts highlights the importance of maintaining a strong working relationship with councils at both a member and officer level. However, the benefits are often different with different methods of delivery and there are also significant risks involved in changing the method of service delivery. The process itself can be costly and time consuming. Some of the different advantages and disadvantages of the different approaches were set out in the Audit Commission study of public sport and recreation facilities carried out in 2006.

Public sports and recreation services: making them fit for the future

The process of exploring which model of delivery to adopt (normally referred to as option appraisal) should be informed by a robust service review and or associated feasibility study (the costs and complexity of which would be commensurate with the scale

of the service of model selected). However, it is important to note that to date there are very few examples of different models of delivery where local authority funding is more proportionate to independent earned income.

Consequently the timescale for realising cost savings need to be factored into the decision making process, in particular given the initial investment and time required to explore and implement any new model of service delivery. Extensive guidance is available to councils who wish to carry out a rigorous assessment of their options.

**Understanding commissioning:
a practical guide for the culture and
sport sector**



Case study examples

Joint leisure centre contracts – Leicestershire (shared service model)

Charnwood Borough Council, North West Leicestershire District Council and Melton Borough Council are working together to assess the feasibility of establishing a joint leisure centre contract. It is envisaged that the joint procurement process will deliver cashable savings on legal costs as well as saving time on tendering and administration activities.

It is envisaged that a single procurement process will be put in place with one organisation nominated to run the councils administration processes from a single office. It is expected that joint leisure centre contracting will save time, money and human resource on back office functions. Each council involved will have to take account of and agree on each others priorities such as what the social benefits are for each leisure centre. A single point of contact will have a centralised database to track sub-regional leisure centre spend.

Christine Trail
Director of Leisure and Environment
Charnwood Borough Council
Email: christine.trail@charnwood.gov.uk

York Museums Trust (independent voluntary trust model)

York Museums Trust is an independent charity which was set up in August 2002 to manage York Art Gallery, York Castle Museum, Yorkshire Museum and Gardens and the contemporary visual art venue York St Mary's. The buildings and their contents are owned by the City of York Council, which has agreed to long-term funding of the Trust. Since 2002, York Museums Trust has:

- increased overall visitor numbers by 35 per cent
- increased turnover from £3.3 million to £5.5 million
- invested in the displays and buildings, including a major refurbishment at York Art Gallery, an interactive makeover for York Castle Museum's Victorian Street
- undertaken a £2.3 million redisplay of the Yorkshire Museum, which re-opened to the public in August 2010, resulting in a 200 per cent increase in visitor numbers
- created a new contemporary art venue at York St Mary's for site-specific art installations
- established an award-winning learning, events and activities programme for schools and families
- received full accredited status from the Museums, Libraries and Archives Council

- fundraised £5.8 million for capital investment and exhibitions.

York Museum Trust

Pendle Leisure Trust (fully externalised service model)

Pendle is situated in the Eastern corner of Lancashire, approximately 30 miles from Manchester. Pendle Leisure Trust was created on 1 October 2000 and was one of the first full service trusts in the UK with responsibility for the management and development of a wide variety of leisure related facilities and activities. The trust is an industrial and provident society with exempt charitable status. The organisation directly manages a range of services and facilities including leisure centres, a golf course, arts development, music festivals, civic halls and an athletic track.

Pendle Leisure Trust employs approximately 250 staff and is supported by a board of 16 trustees. The board brings a mix of talents together from all areas of the community and includes two staff representatives. The trust has a turn over of £4 million plus an annual grant from the local authority of £1.25 million.

Pendle Leisure Trust

Arts Development in East Cambridge (ADeC) (partially externalised service model)

ADeC is an independent company limited by guarantee and a registered charity, with funding from East Cambridgeshire District Council. ADeC is responsible for the development and delivery of the arts in East Cambridgeshire, offering a wide ranging arts development programme in partnership with professional and amateur arts organisations

and providing active support to groups and projects based in the District.

ADeC currently operates in rural areas of Cambridgeshire where there is very limited arts infrastructure. The market towns have a range of multi-purpose spaces which can be used for arts events, and smaller settlements have village and church halls. There are a number of commercial art galleries, but these are scattered across the county and are not able to gain from any clustering effect.

The partnership with East Cambridgeshire District Council is crucial to the success of ADeC. At the next level, ADeC has partnerships with Cambridgeshire County Council and the other district and unitary authorities in the sub-region. The activity of ADeC sits within a broader context of arts and non-arts strategies, including the corporate objectives of East Cambridgeshire District Council, East Cambridgeshire Sustainable Community Strategy and the National Strategy for Arts Council England.

ADeC has a core team of highly experienced staff leading and delivering the core activity. In addition to the core team ADeC is supported by freelance artists and practitioners, volunteers, and trustees. Volunteers play an important role in the organisation both public facing (for example as event and cinema stewards and gallery invigilators) in supporting administrative roles (gallery rotas and publicity distribution) and in strategic roles as trustees, patrons and advocates. Volunteers are recruited through core activity and networking with voluntary sector organisations. Within ADeC there is a process of training through action that supports staff and volunteer development.

ADeC has a long term policy of diversifying income sources, whilst maintaining a clear sense of purpose and direction for the

organisation. In order to meet their charitable objectives and social cohesion aims ADeC has established a mixed income model. In 2008/09 ADeC generated 69 per cent of its income from council contracts, tenders, grants and trusts, 29 per cent from earned income and two per cent from donations.

The immediate future it is envisaged that this will focus on increasing the proportion and volume of donations and earned income. To facilitate this growth ADeC is in the process of developing a trading arm for the charity in order to realise income through commissioning and procurement routes.

ADeC

Wigan Leisure and Culture Trust (fully externalised service model)

The trust was established in 2003 to manage all former Wigan Council Leisure and Cultural Services, with the exception of markets. Its scope ranges from libraries to leisure centres, country parks to archives and museum services. The intention was to improve investment and service quality. It is a registered charity, with a board of trustees which has legal responsibility for ensuring that the trust is managed appropriately.

The trust is a social enterprise and surplus income generated must be invested in improving services. A trading arm exists for non charitable services, comprising catering services, leisure venues and grounds maintenance (Wigan Leisure and Culture Enterprises). The trust has an annual turnover of £32 million, 55 per cent of which is a community services fee from Wigan Council. It benefits from a £0.5 million saving on business rates each year.

Wigan Leisure and Culture Trust

Jesmond Swimming Project (independent voluntary trust model)

Jesmond Pool was closed by Newcastle City Council in 1991 as part of a cost-saving exercise. The following year Jesmond Swimming Project, a registered charity and limited company, was formed to lease the building from the city council and to reopen the pool as a public facility. The Company is managed by its board, comprising the trustees of the charity.

As a social enterprise its community-based, charitable company structure remains an important part of the success of the project with opportunities for local people to volunteer to join the board, or specialist sub-groups such as those responsible for Finance and Fundraising. The project uses social accounting as their chosen method of impact measurement and has done so for the past six years. The project has also advised organisations from across the UK in the set up, operation and management of community-managed facilities.

The pool benefited from a major refurbishment in 2002/3, which was partially funded by the National Lottery and 50 per cent funded by Jesmond Swimming Project from the financial reserves built up through successful trading. The pool is well known and valued in its local community and a survey commissioned by Jesmond Swimming Project highlighted that over 40 per cent of Jesmond adults use the pool and 90 per cent of residents are aware of it. For the year ending 2009 the facility recorded 134,678 attendances and returned an operating surplus.

Jesmond Swimming Project

Luton Cultural Services Trust (independent voluntary trust model)

In 2006, Luton Borough Council transferred its museums, libraries and arts activities to a charitable trust and company limited by guarantee (Luton Culture) in order to protect and enhance the services.

Luton Borough Council recognised from the outset that as most of the cultural services are discretionary, they will always be under huge pressure from the annual savings round and subject to small but debilitating cuts. Luton Culture is protected from cuts in service, but the agreement still allows Luton Borough Council a degree of flexibility for complete closure of facilities.

Luton Culture has established a strong working relationship with Luton Borough Council. It has developed into a sufficiently large third-sector partner that it is able to work with Luton Borough Council to support shared community agendas whilst retaining its own identity and place on several local strategic partnership (LSP) groups.

The trust has also begun to take on commissioning projects from the council thus building up revenue streams in order to support continued service delivery. The transfer to Luton Culture has also enabled the services to attract resources not available to Luton Borough Council and thus has facilitated the process of investment and service improvement.

There is also a saving from business rates, because as a charity the trust receives 80 per cent mandatory rate relief with the option of applying for a further discretionary rate relief. Those considering trust status must, however, look carefully at additional costs following transfer, such as irrecoverable VAT

and costs such as independent legal and finance advice.

Luton Cultural Services Trust

Greenwich Leisure Ltd (shared service model)

Greenwich Leisure Limited (GLL) manages 70 leisure centres within the M25 area, in partnership with 13 London Boroughs, Epsom and Ewell Borough Council, Reading Borough Council, Bellingham Community Project, the London Playing Fields Foundation and the London Development Agency (LDA).

GLL is guided by a board of trustees, which is appointed on an annual basis at the general meeting. The board has representation from a number of stakeholders including customers, council, and the workforce. This stakeholder mix has helped create empowerment, enthusiasm and ownership at all levels of the organisation. This has led to improved commitment and motivation of staff, resulting in an improved quality of service for customers.

GLL is a charitable social enterprise that exists for the benefit for the community. Any financial surpluses generated by GLL are reinvested to provide long-term benefits for its customers, employees and the communities where they operate. GLL was the first leisure operator in the UK to be awarded the Social Enterprise Mark.

Greenwich Leisure Ltd

Sources of information and guidance

Local Government (LG) Improvement and Development (formerly IDeA)

LG Improvement and Development and its partners have produced an integrated national offer of support to help councils improve. The support covers a range of tools, advice and support material.

Support for councils – on the LG Improvement and Development website

Communities of practice (CoP)

This is a community platform supporting collaborative networks for those involved in local delivery.

Communities of Practice for public service webpage

Audit Commission

In 2006, the Audit Commission, in association with Sport England, undertook a study to examine how local authorities in England are managing their approach to providing their public sports and recreation facilities and their attempts to improve access and value for money. The report sets out some of the advantages and disadvantages of the different management approaches.

Public sports and recreation services: making them fit for the future

Nalgao

In February 2010, Nalgao published a report that examines the issues and opportunities in contracting out local authority arts services. The report, entitled 'Outside In' identifies five different ways that local authority arts services can be externalised and provides practical checklists for local authorities wishing to pursue different models of service delivery. To view the report, please use the following link.

Outside In – on the Nalgao website

Museums Libraries and Archives Council (MLA)

In April 2010, MLA published a 'think piece' to stimulate debate around the concept of devolved governance for museums, libraries and archives. It outlines the range of devolution models that MLA considers applicable to museums, libraries and archives and the potential it considers such models offer to the sector.

The opportunity of devolved governance for museums, libraries and archives. April 2010

The Sports and Recreation Trust Association (Sporta)

Sporta is a membership organisation that currently has a membership of 109 leisure trusts and social enterprises, ranging from small trusts representing single leisure centres to larger organisations managing more than 65 sites. Together the members have a combined annual turnover in excess of £640 million, have more than 215 million customers visiting their facilities each year and employ over 28,000 full-time employees. Collectively they operate more than 870 individual sites.

Sporta website

Leisure Management Contractors Association

The Leisure Management Contractors Association (LMCA) was established in 1989 to provide a forum for companies pursuing business opportunities primarily with local authorities, in leisure management. As well as providing members with the opportunity to meet and discuss industry issues, the association provides a focus for government, local authorities, industry bodies and the media to obtain the views of practitioners in this niche area. Member companies play a significant role in the provision of leisure opportunities, operating 344 facilities and employing over 20,000 staff. LMCA members have invested over £100 million into local authority facilities and equipment in recent years.

Leisure Management Contractors Association

The Development Trust Association (DTA)

DTA helps establish and support development trusts as vehicles for community asset ownership and management. In 2009, the DTA and partners launched the Asset Transfer Unit (ATU) to provide technical advice to community groups, local authorities and others, and to carry out research and promote understanding of the community assets agenda. DTA and ATU provide a range of free support tools and information on good practice via their websites, which also highlight sources of funding and additional support.

The Development Trust Association

Chief Cultural and Leisure Officers Association (CLOA)

CLOA is the professional association for strategic leaders involved in public sector cultural and leisure services. It works to influence the development of national policies, lobby for positive change and provide a peer-support network. CLOA represents strategic managers in councils or non-profit distributing trusts and those working in associated areas such as health, education and social sectors, who are committed to the development of public sector culture and leisure. CLOA also coordinates the National Culture Forum, the body set up to unite the major professional organisations in the cultural sector on issues of common concern.

Chief Cultural and Leisure Officers Association

Sport England

Sport England has published an online resource to help local authorities answer the key questions being asked about community sport in the face of public sector budget reductions. The resource entitled 'Community sport: in it for the long run' brings together practical tools which can help local authorities to:

- make the case for continued investment
- plan and commission strategically
- maximise efficiency to ensure best value for money
- measure the impact of any outcomes.

It also features a growing number of case studies explaining how local authorities have, with the support of Sport England, overcome specific challenges.

The resource includes unique local sport profiles on each local authority area, generated from a range of demographic, health, sports participation and facilities data. It also encourages local authorities to take advantage of the strategic planning expertise on offer via the strategic planning framework which sets out an approved list of planning and leisure consultants.

The resource also highlights the importance of Sport England's two continuous improvement services, namely Quest and the National Benchmarking Service.

The resource will continue to evolve as tools are updated, new tools are created, and new evidence and learning become available.

Community sport: in it for the long run – on the Sport England website

CABE Space

CABE Space has published a document for green space managers and green professionals on paying for parks. It includes eight models for funding urban green spaces.

Paying For Parks



Local Government Improvement and Development

Layden House
76–86 Turnmill Street
London EC1M 5LG

Telephone 020 7664 3000

Facsimile 020 7664 3030

Email info@local.gov.uk

www.local.gov.uk



Local Government Group

The Local Government Group is made up of six organisations which support, promote and improve local government.




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