

**TITLE OF REPORT:** Go Gateshead Sport & Leisure

**REPORT OF:** Darren Collins, Strategic Director, Corporate Resources

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### Summary

This report sets out the progress to date, and future direction of the management of the Go Gateshead Sport and Leisure service, including performance.

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### Background

- 1.0** In December 2015, Cabinet agreed the following Vision for Leisure in 2015:
- A sport and leisure service which is sustainable and customer focused to ensure healthy, active Gateshead communities and delivers the Council's priorities of Live Well Gateshead and Live Love Gateshead. A service which integrates and connects to broader services and cultural offer so that residents can participate in a range of services for their wellbeing and leisure. A service which is driven by business and financial objectives, as well as customer satisfaction, retention and growth and maximises the use of its assets – buildings, employees, ICT and partners - to serve Gateshead residents and beyond. A service which in the period of the Council Plan (2020) is no longer directly subsidised by Gateshead Council and is returning income to the Council to invest in Gateshead priorities*
- 1.1** To support delivery of this vision it was recognised that a review of leisure services was required. This focused on identifying how far the level of subsidy could be reduced or removed in line with the better outcomes for local people.
- 1.2** A phased approach was taken based on evidence, analysis, consultation and best practice. The Council also sought specialist advice from Knight, Kavanagh and Page (KKP), which identified the potential to increase income by a minimum of circa £1million over four years, though did not suggest a preferred model. The analysis indicated that the Council should seek to exceed the £1million using a variety of means.
- 1.3** In April 2016, Cabinet agreed to the Council continuing to provide Leisure Services in order to deliver additional income make savings and undertake a service structure review. Cabinet further agreed that if this was not on target to be realised by September 2017 or operational improvements had not been realised, a different management arrangement would be put in place by 1 April 2018 which could potentially be a Wholly Owned Company/Teckal Company or Leisure Trust.
- 1.4** On the 21<sup>st</sup> February 2017, Cabinet approved the implementation of a new service structure designed to merge the previous Leisure and Sport, Physical

Activity and Health Development Services together as one. The review principles were aimed to specifically designate 'operations' and 'business' functions to ensure that the service was more customer focused, commercial and able to meet the needs of Gateshead in line with the vision.

## **Issues the OSC might want to consider;**

### **Leisure review progress and impact**

- 2.0 In order to evaluate the effectiveness and performance of the service to help to determine the future model of the service, a series of factors and their ability to support the achievement of the vision for leisure have been considered:
- a) Overall participation levels are increasing with over 1.5 million visits per year, including increased access by groups linked to policy objectives such as Looked After Children. A Health Equity Audit is currently underway, which will identify how the service can further expand its reach to support vulnerable communities.
  - b) The service review implementation has been completed and has changed the way the services are approaching leisure with improved customer service, greater focus on generating income and training staff to support this.
  - c) New branding and marketing has also been implemented and is helping to increase the customer base, while a more intelligent led approach is being used to target customers, understand their preferences and provide a service that meets their needs. This has led to a continuous increase in Go Memberships on a monthly basis since 2016.
  - d) In terms of financial performance, additional income has been generated for example through the New Clip and Climb facility and Soft Play at Gateshead Leisure Centre and it is expected that other improvements including the service Aquatics Plan will increase this further.

### **Review of Management options**

- 2.1 The Council has reviewed a range of management options for the service including Teckal; Trust; Transfer to another provider; as well as continuation of an in-house delivery. Research has been undertaken across the leisure market, including learning from others and the different models that have been employed elsewhere, a soft market testing exercise, and an internal options analysis of which the key findings were:
- Local authorities that have sought other models are not necessarily starting in the same place as Gateshead and therefore had different reasons and expectations from the model they chose to implement e.g. secure investment in facilities.
  - Following recent legal decisions, some advantages to models such as trusts may not be enjoyed in the future such as VAT exemptions and the NNDR position, meaning that any current financial advantage is likely to be removed, thus placing an in house option on a more equal footing going forward.

- An alternative model may be able to have greater flexibility to respond to the market and customer demands
- An in-house model would enable the Council to focus leisure on the achievement of broader priorities such as health, wellbeing and inequality.
- The current trajectory of the service following changes is positive, suggesting that continuation of Council service delivery to be the current preferred option.

## **Future Implications**

### **4.0 The following implications should be considered by the OSC;**

- 4.1 On the 19<sup>th</sup> December 2017, Cabinet received a report detailing the progress of the service and approved the continuation of an in-house Go Gateshead Sport and Leisure Service. This will enable the service to fully embed the changes made to date, monitor their impact, and generate additional income as identified in the service income generation strategy. This will support the service to achieve the vision to increase income and deliver a sustainable self-financing position in future years.
- 4.2 The delivery on an in-house service would also support achievement of Council Plan priorities and pledges to make Gateshead a place where everyone thrives by improving health and wellbeing, targeting inequality and contribute to long term reduction in demand for health and social services.

## **Financial Implications**

### **5.0 The OSC is asked to consider the following future financial implications;**

- 5.1 The service has devised an income generation strategy to support the achievement of additional income to be self sufficient by 2022/2023, including; increase in memberships, aquatics activity, and income from artificial turf pitch development at Blaydon Leisure Centre.
- 5.2 This income strategy is supported by facility based business plans which are monitored on a monthly basis, and an annual report detailing the financial progress of the service will be presented to Cabinet in December 2018.

## **Recommendations**

### **6.0 The views of the OSC are sought on:-**

- The current progress of the Go Gateshead Sport and Leisure service as outlined within this report, and agree to receive a progress report in 12 months.