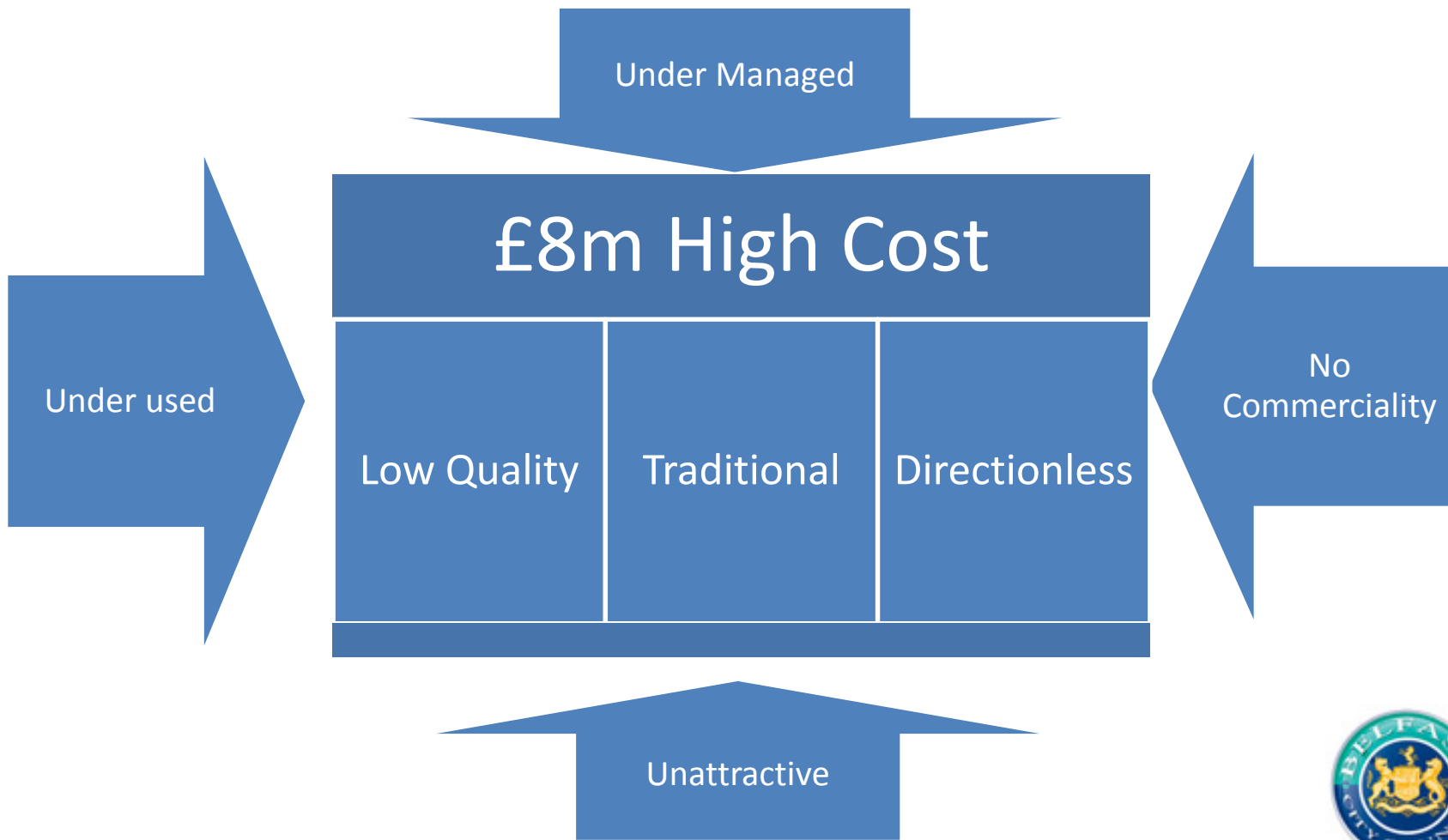


Leisure Transformation Programme – summary of progress to date 24 January 2014





Drivers for change



**January
2013**

- SP&R Committee agreed:
- ❖ Drivers for change
 - ❖ Strategic principles
 - ❖ Capital phasing

**March
2013**

- SP&R Committee received
Deloitte report, noting:
- ❖ Strategic opportunities
 - ❖ Business model options
 - ❖ Urgency of change

**June
2013**

- SP&R Committee agreed:
- ❖ Capital financing strategy
 - ❖ Overall £105m limit
 - ❖ Funding for Olympia + A'stown
 - ❖ £2m efficiency savings

**October
2013**

- SP&R Committee agreed:
- ❖ Decision schedule
 - ❖ Voluntary redundancy scheme

**December
2013**

- SP&R Committee report:
- ❖ Deloitte business model appraisal
 - ❖ 'In principle' preferred model
Deferred



Key decision: guiding principles (Jan 13)

active

- **Quality:** fit for purpose, attractive and welcoming.
- **Focus on health and well-being outcomes:** Work with others to improve the health of the population
- **Value for money:** Maximise efficiency, user numbers, health outcomes and income generation opportunities
- **Balanced investment and accessibility:** facilities and services should be well-connected, welcoming and safe, promote access for all and meet the needs of different ages and abilities within each quarter of the city
- **Partnership:** maximise strategic opportunities in the city, working collaboratively
- **Affordability:** A capital financing strategy will be required to support the building of a new leisure estate.





Key decision: capital phasing (Jan13)

active

Indicative plan for major investment city-wide over ten years:

- **Phase 1: Investment Programme**

(Windsor/Olympia; Andersonstown; Girdwood)

- **Phase 2: Reform of Local Government**

(Avoniel; Castlereagh; Lagmore/Poleglass/Colin)

- **Phase 3: One Public Estate**

(Ballysillan; Ozone; Shankill; Loughside; Whiterock)



Key decision: capital funding (Jun13)

£105m capital expenditure affordability limit:

- Building conditions surveys
- Quantity surveyor industry estimates

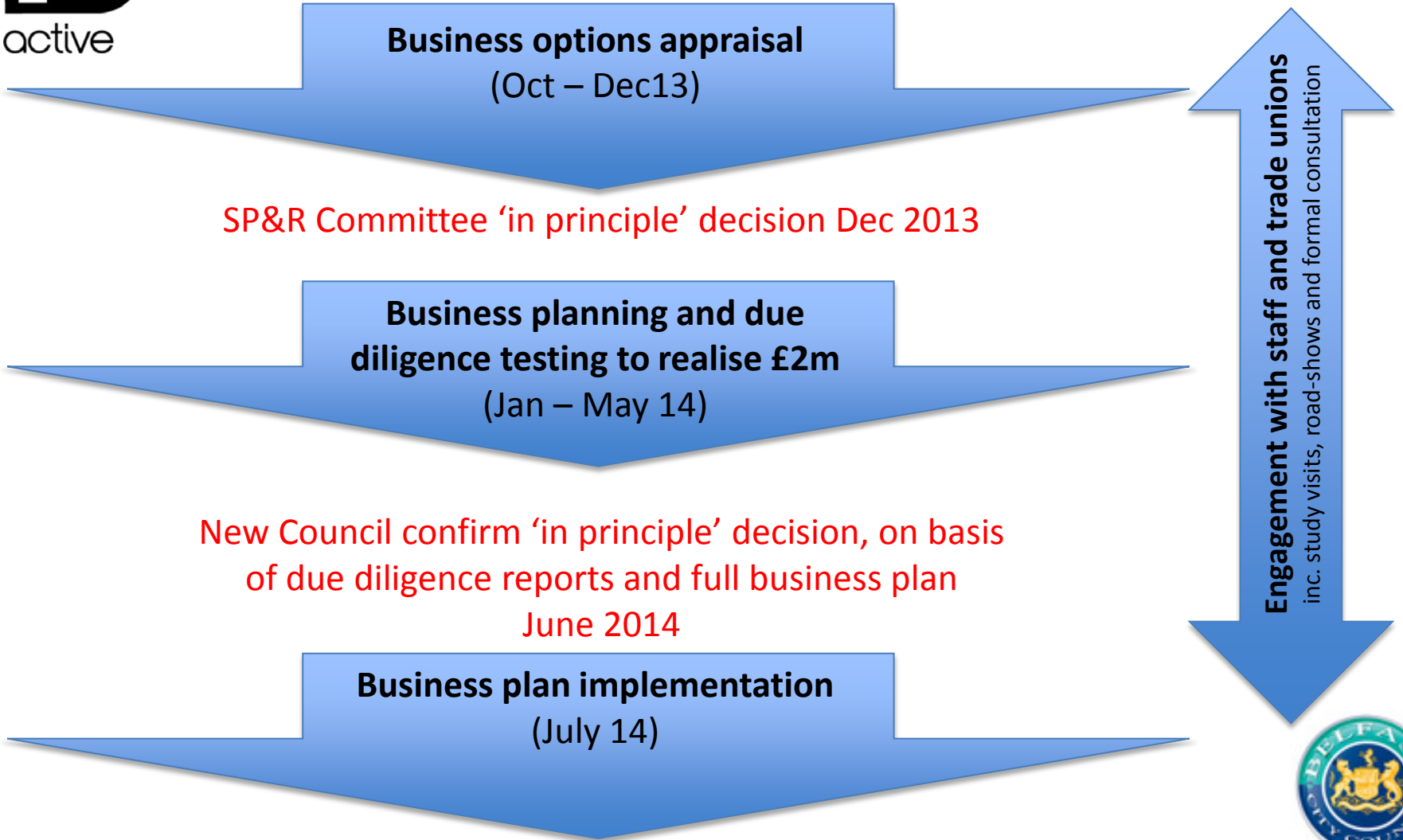
Capital financing strategy :

| Funding Source | Year | Finance £m | Expenditure £m |
|----------------------------|------|---------------|-------------------|
| Belfast Investment Fund | 2014 | 3.23 | 38.00 |
| Efficiency Savings | 2016 | 2.00 | 23.50 |
| Local Government Reform | 2015 | 2.00 | 23.50 |
| Medium term financial plan | 2018 | 1.70 | 20.00 |
| TOTAL | | 8.93 | 105.00 |





Key decision: decision schedule (Oct13)





active

Business model appraisal (Dec13)

Deloitte analysis and workshop:

- **Transformed In-House** (*Net saving = £582,500*)

Needs radical change programme to achieve and sustain what has been difficult before; and implementation and management of a robust employee/service performance framework.

- **Non Profit Distributing Organisation** (*Net saving = £2,160,477*)

A single focus organisation with the opportunity to import skilled leadership and expertise from other NPDOs; public value organisation, controlled by Council; there are over 100 examples of successful delivery of NPDO option.

- **Private Sector Partnership** (*Net saving = £1,758,639*)

Likely to involve long and expensive procurement process; and need to generate commercial profit will require significantly reduced costs/increased income; surpluses distributed to private shareholders.





active

Potential Belfast NPDO (Dec13)

Characteristics of a Belfast leisure trust would include:

- Mission to pursue a **wider public good** i.e. working with others to improve the health of the population, especially those most in need
- Non-profit distributing with **surpluses reinvested** for public good/into the service and asset base
- **Democratically accountable** through the contract specification agreed with Council. Council will remain the owner of capital assets
- Board to include **stakeholder representation** from elected Members, staff, trade unions, strategic partners and industry experts
- **Tax efficient** (covering general tax, VAT and Non Domestic Rating).
- Ability to **raise capital** from range of sources e.g. grant-aid
- Potential to offer **employee incentivisation** scheme
- Ability to deliver **social clauses** e.g. apprenticeships; local suppliers; fair trade

In addition, a number of 'guarantees' in relation to protection for incumbent staff, to be developed in consultation with the TUs.



Decision required

Capital financing strategy dependent on £2m savings from leisure, therefore decision on:

- ❖ Preferred business model option to deliver those savings – only NPDO can achieve this; ***otherwise***
- ❖ Re-visit capital financing strategy – ambition, scope and timeframe in April 2015

Discussion