the leisure review

an independent view for the leisure industry

Which way now: one way forward

Andy King picks up the threads of the debate posed by the Which Way Now articles in recent issues of *The Leisure Review* and offers a vision of facility management that may prove to be sustainable, efficient and effective.

What an interesting article from Duncan Wood Allum. I am totally convinced that the time has come and gone when we as an industry need to think differently and utilise every opportunity to the full to ensure we remain relevant to society and capable of delivering on various agendas. I have long since felt that the public sector leisure industry was in the main failing to see the writing on the wall as facilities got older, lottery money dried up and the private sector adapted to the demands of the marketplace by starting to muscle in on the traditional turf of public sector. There is no God-given right for public leisure centres to exist yet we often act like it would be sacrilege to close any or even work better together, perhaps with the private sector, to find new ways of funding and operating modern leisure venues – and operating them efficiently.

Duncan is quite right: we are all to blame to an extent as we allowed politicians and officers to put off difficult decisions as they tried to retain ‘control’ of these ageing, subsidy-hungry facilities. Small trusts (one of which I am proud to lead as MD) were created as off-shoots of DSOs [direct service organisations]. Often there was little financial or cultural change taking place and they were highly dependent for capital on the local authority. My own trust was, and still currently is, dependent on our two partners selling land to Tesco’s or whoever to raise cash but whereas even last year we were expecting new centres to be built off the back of these Section106 deals, the councils now require the vast bulk of the receipts for other ‘mainstream’ projects or to simply balance the town hall books; and, despite our 15-year contracts, they want us to reduce our subsidy, as many other trusts are having to do. In addition we have outdated IT systems that fail to provide the level of customer service our existing and potential customers expect, our resources for a properly funded asset management plan are limited, and we are just about to go into battle with another low-cost gym operator. As we all know, people are finding it increasingly difficult to find the money to enjoy the shows and events we put on so our top line is under increasing pressure too. I know we are all facing similar or much worse situations but – to respond to Duncan’s question – it surely is time to think and act differently.

We need to “confront the brutal facts”. In Cumbria where my trust operates there are three trusts and a DSO out of six authorities, plus a number of dual-use centres and outdoor pools operated by the county council all as single entities. Sustainable? Nope. Efficient? No. Effective? Yes and no.

I should come clean. Until last year I was a director with Serco, having previously been with Virgin and other private operators. I had been a very happy DSO manager in Horsham years ago but jumped ship to join Virgin and then eventually went to Serco, combining my public sector ethos with a fair dollop of commercial experience. Now sitting as a member of SPORTA and having experienced the genuinely fantastic work trusts are doing, I feel qualified to suggest a way to build on Duncan’s scenarios.

The ‘hybrid’ or ‘sham’ trust model as some like to call it is, I believe, the basis for how the industry can move forward. The main problem others in SPORTA and the industry generally have with it is that operators like Serco take a proportion of any surplus as profit and therefore the ‘not for profit’ status of the trusts are not true or pure. However, many trusts work with the likes of Alliance and Pulse, doing deals with these suppliers to provide capital and all sorts of services, all the way up to turnkey solutions including staffing and marketing. What then is the difference? These companies do not do this for love: they do it for a return. What Serco (and others) offer is a complete package including capital, FTSE 100-company expertise working through a trust or social enterprise model that can include a local board exactly like that of a ‘pure’ trust. The main difference I would suggest is this: Serco take on the risk of the operation. The council therefore sees a big injection of capital and expertise, they enjoy huge advantages in terms of economies of scale on procurement (critical as utilities costs continue to spiral upward) and if the trading conditions worsen they are protected by the arrangement. In return for taking on this risk the private operator partner takes a margin. I for one do not begrudge this and, I suggest, nor would most other managing directors or chief executives, many of whom are facing the future with trepidation.

I am not attempting to sell Serco or the private operators as there are bigger trusts who might be able to offer the same sort of support (I am talking to some to ascertain if this is the case) but I suggest we should accept that we need to work far better in partnership in general, including with the private sector. As Jim Collins says, we need to “confront the brutal facts”. In Cumbria where my trust operates there are three trusts and a DSO out of six authorities, plus a number of dual-use centres and outdoor pools operated by the county council all as single entities. Sustainable? Nope. Efficient? No. Effective? Yes and no. What is best for customers: a cross-boundary service that is joined up, with efficiencies being ploughed back into maintenance and investment of facilities, or lots of different standards of operation and prices varying from one town to the next?

At a recent county council scrutiny review meeting, during which I had suggested that a county-wide approach would bring about significant savings and benefits, I was asked what needed to happen to make this scenario a reality. I replied that we all needed to want it to happen; that this is more about the ‘will’ than the ‘way’. There are models out there right now operating very successfully in the same challenging economic climate we are all experiencing so we know how to do this. But can we bring ourselves to think this way and take the necessary action or will we just wait for the inevitable to be ‘done’ to us?

Andy King is managing director of Carlisle Leisure Ltd This article is a response to:

Change has come – but which way now? TLR August 2011

Which way now: the response TLR September 2011

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