



THE SPORTS LEISURE LEGACY PROJECT

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THE GROWTH OF LEISURE TRUSTS IN THE 90'S

Trust is the common name for a range of entities which are more properly known as 'non-profit distributing organization's (NPDOs).

"The term 'trust' does not really have a legal definition and tends to be used as a catch-all description for all organizations that are specifically set up to run local authority leisure services independently, and for public good rather than individual gain." Schwartz et al (2010: pg22).

The 'embryonic' leisure trust movement had gathered pace in the early 90s and at the time early 'key players' included Greenwich Leisure Ltd, Aquaterra and Wycombe Leisure Ltd to name a few. They dominated the original membership of Sporta - The Sports and Recreation Trusts Association, which was set up in 1997 by members of leisure trusts, which were either registered charities or registered societies. Sporta led the way in its inception though the 90s, extolling the advantages and benefits of outsourcing local authority services to leisure trust management.

"Trusts do not distribute profit and instead reinvest every pound generated into the provision of quality leisure and culture services and facilities. Trusts are rooted in the local communities they serve, with specific services designed and supported through the cross-subsidy model to support those in most need."

<https://communityleisureuk.org>

Many heads of leisure and contract managers had considered the financial and service benefits of forming their own leisure trust organization and effectively seeking to gain more control of their own destinies. The main strategic advantages were around gaining charitable status. This could mean operating independently from council control and potentially attracting other sources of grants or funding, moreover the opportunity to retain for reinvestment any profits from trading.

"Trusts, therefore, provide one option to raise money from external sources for investment." Simmons (2003).

The financial advantages included savings on the National Non-Domestic Rates (NNDR). The VAT advantages of forming a leisure trust were also very attractive. Typically, a small local authority could save upwards of £1m by transferring their operations to a leisure trust, these options extended the choice on internalizing or externalizing their leisure operations.

“The major financial benefits of charitable status are exemption from corporation tax on the profits plus mandatory relief of 80% of local authority business rates.” Schwartz (2010: pg23).

Various forms of leisure trusts existed and often these were either CLGs (Companies Limited by Guarantee), Industrial and Provident Societies (IPS) or Public Interest Companies (PICS). A company limited by guarantee is a legally recognized business entity and there is no individual investment therefore the liability of the owners is limited to a fixed amount. Industrial and Provident Societies (IPS) are recognized as being legal entities and have broadly the same benefits as companies limited by guarantee.

Greenwich Leisure Limited (GLL) is an innovative staff-led ‘Leisure Trust’, which uses the IPS format. Through the 90s and onwards it has subsequently developed into one of the biggest facility operators in the country. GLL typifies the economies of scale which could be achieved by multi-site trusts, particularly in terms of procurement, whereby, it can negotiate contracts supported by investment and further backed by bulk discounts on energy, equipment and other supplies.

My involvement with the emerging leisure trust sector starts back in Brentwood, Essex in the mid-80s. For twelve years, I was the General Manager of Brentwood Leisure and the (in house) Direct Service Organization (DSO) manager. The contract included the management of the Brentwood Leisure Centre and Shenfield Sports Centre (one of the first ‘Dual Use’ agreements in the UK) along with five public halls. Following a successful period of operation, this included securing of the leisure contract under a Compulsory Competitive Tendering (CCT) bid. At the time, various private contractors such as Leisure Connection and DC Leisure were keen to operate within Essex.

Earlier in the mid-80s, a team of forward-thinking leisure centre managers had formed the Essex Leisure Officers group who were from both the contract and client-side. This group networked together to benchmark and share best practice. The group also networked with their equivalent group in the South East known as the SELCO (South East Leisure Contracts Organization) group. One unofficial aim was to try and combat the perceived potential threat of private operators moving into Essex and the South

East. These groups ran successfully for over ten years until eventually private operators or Leisure Trusts took over and client roles diminished.

At Brentwood Leisure, I could foresee the political and financial landscape changing. This combined with the increasing pressure on council leisure budgets and the potential threat of reduction in council support could potentially, in turn, affect the operational budgets. Hence, we considered the option of moving to a trust set up.

“The financial pressures that public leisure services are experiencing are not the outcome of leisure policy analysis. They stem from general squeezes on government spending in which cuts to leisure services encounter less political and public resistance than cuts to education, pensions and healthcare.” Roberts (2016).

The council leisure department led by Bob McLintock (Head of Leisure) had previously been supportive investors in leisure, this included the building of the Brentwood Centre in 1988, on the former site of Bishops Hall Leisure Centre. However, ongoing financial support and budgets were threatened. Thus, my role (as the DSO manager) managing seven sites included the opportunity to form our own leisure trust. The more we investigated the financial and customer service advantages of gaining control of our own destiny the more desperate we were to form a leisure trust. However, the current DSO Chairman at the time, remarked, ‘over my dead body’, would the council form a Trust. This reflected the typical tensions of council members who were effectively threatened by change and the potential loss of political control and influence over their leisure services. Councilor’s faith in their own track record of running leisure services may be well placed. In some cases, however, the councils desire to retain direct control amounts to a refusal to admit that trust management may prove more effective and provide “Best Value.” Simmons (2003) suggests that the most significant reason for local authorities to reject transfer was a lack of detailed information as to the long-term impacts of transfer to a trust.

Our subsequent conversations with various council officers over the apportionment of central administrative charges for services, led to additional frustration in terms of managing the DSO finances. The opportunity to externalize financial management payroll and personnel, for example, seemed very attractive and too good an opportunity to miss, in terms of reducing operational budgets. However, this was a threat by those managing these services in house and who were not subject to CCT.

“The transfer of services to a new leisure trust enabled local authorities to sidestep competition regulations and provided the opportunity to preserve the social welfare and public service orientations of the service”. Simmons (2003).

Eventually, after I departed Brentwood Borough Council, to take up a new job in Hampshire. Brentwood formed the Brentwood Leisure Trust, a Company Limited by guarantee in 2004. So, the foundation work was all worthwhile.

“The Brentwood Leisure Trust is a not for profit leisure and entertainment company that operates seven venues in Brentwood and its surrounding areas. All surplus that we make goes towards improving our facilities and your experience”.

<http://www.brentwood-centre.co.uk/about>

So, when the opportunity arose to apply for a new job leading an established leisure trust back in my hometown of Romsey, Hampshire, I jumped at the chance. The role was General Manager of Test Valley Leisure and therefore effectively I had inherited my own leisure trust. The Romsey Rapids had been established as its own CLG (Company Limited by Guarantee). Test Valley Leisure was established as a charity in 1990 with a broad remit to advance health and wellbeing for the public benefit.

<https://www.valleyleisure.co.uk/about>

Andover Leisure Centre previously had run under the Council DSO and was subsequently transferred to Test Valley Leisure Ltd. The two leisure centres had been run independently and acted almost as two separate organizations. This new role effectively was to combine the management of the north (Andover Leisure Centre) sites, with those at the south of the borough including the Romsey Rapids.

The role was for me to establish a new staff structure and brand image to build on the strengths of the two organizations. I soon set about implementing a new management staff structure and corporate image branded under “Valley Leisure”. This also involved strategically moving away from council control and influences. It meant creating a new board of trustees and independent management from the council. Important issues emerging at the time included the political process and representation on the board. The Charity Commission also wanted to see an ‘arm’s length’ relationship. This led to a successful seven years of management with me reporting to a board of Trustees.

The success of the organization was measured in terms of both its financial trading success and customer service improvements in obtaining quality management awards. This included both main sites achieving QUEST. Andover Leisure Centre three-time winners of the FLAME (Fitness leaders and management excellence) awards for the best UK public health and fitness facility. The successful award-winning operation backed with significant third-party private multi-million-pound investment into both the two main sites resulted in winning a further fifteen-year leisure contract.

Simmons (2003) suggests that the key partnership for trusts with regard to service delivery and service development is with their parent authority. Accordingly, we

maintained a professional and healthy relationship with the Head of Leisure and Paul Wheeler our council Client Officer. This partnership is always key to a successful client contractor relationship. The members and officers of Test Valley Borough Council were able to ensure the provision of quality services to their customers and council taxpayers at minimal costs and with significantly reduced operational/staffing input.

“Trusts operate as “social enterprises” which provides them with the ability to run as a business, whilst working towards the community’s needs and a local authority’s strategic direction”. Schwartz (2010: pg23).

The success or failure of a Trust hinges crucially on the ability to recruit a suitable board of trustees, with the requisite skills, experience and knowledge to provide strategic direction and leadership. It has been widely acknowledged that trust board members drawn from a range of backgrounds and perspectives have enhanced the level and quality of debate over service-level issues. Simmons (2003). The Board of Valley Leisure Charity trustees saw various changes over my tenure and all these volunteers brought a wealth of business experience to the management team. Most of these changes were for the better and initially moved its direction and independence further away from Council influence.

The emerging trusts of the 90s in the South East included GLL and Wycombe Leisure Limited and the emerging Fusion Leisure Trust. They soon began to negotiate and tender for boroughs within London and outer London respectively. One of the disadvantages in the early stages of running a single area leisure Trust is that it may be difficult to attract funding owing to the company’s trading record. This was notable in the early 90s, particularly for the smaller trusts. They soon became vulnerable prey to the larger trusts, and therefore some were swallowed up and consumed by larger trusts, backed by their superior funds of investment and economies of scale.

Sporta grew from strength to strength in the 90s, led by the early trust pioneers. However, as they approached the year 2000, they soon became victims of their own success as the bigger operators picked off the smaller more vulnerable trusts.

The board of Valley Leisure failed to see the looming threat of competition from other leisure trusts. They were risk-averse, mainly because they were local trustees, thus did not want to explore its growth and potential trading risks outside of the Test Valley area. The smaller trusts, including VLL, became under pressure from bigger predators as consolidation/mergers occurred through-out the industry.

I subsequently moved to London to become a Senior Consultant at PMP Leisure and headed up their new leisure trust consultancy as more and more local authorities explored the opportunity, advantages and disadvantages in the growth of leisure trusts.

Paul Wheeler – A Client Officer’s Perspective of Contracting (CCT) relationships.

My own engagement with the Leisure Trust management was also centered around Test Valley Borough Council in the 1980s and 1990s. Having started out in 1985 as a Trainee Recreation Manager working at the then Andover Sports Centre. I cut my teeth within a traditional management structure that saw the Centre Manager report through to the Council’s Chief Technical Officer (no mention of Leisure or Sport in those days).

When a new facility, the Romsey Rapid was built in 1990, as Sheridan and Simmons have identified some of the key motivations for the heads of leisure,(including at Test Valley), were the financial and service benefits of forming their own leisure trusts. However, equally significant was the need to retain some control of their own destinies and investment. Hence good council representation on the initial Valley Leisure Board.

Simmons (2003) also asks if these were rational or political decisions? So, for the members and officers at Test Valley Borough Council it certainly was a balance between the rational technical considerations with less tangible, emotional and political ones. Consequently, the management of the Romsey Rapids was awarded to the newly formed Test Valley Leisure Trust.

With the Trust established and with requirements of CCT now focusing on the Andover Sports Centre, the future management of that facility was now on the agenda. Similar passions and interests were expressed and the contract awarding process witnessed several ‘in-house’ bidders including the Council’s own DSO and one from Test Valley Leisure Trust in competition with some external leisure contracting companies. However, at the end of the decision-making process, it was Test Valley Leisure that was successful and so the authority’s two leisure centres were united under one operator and very soon this was headed by Sheridan Easton.

For me, the advent of CCT provided me with the opportunity for career progression as I became a Client Officer in the newly retitled, greatly expanded but non-operationally responsible Leisure Services Department. Although initially, I was overseeing the Parks and Ground Maintenance contracts and not the indoor leisure centres and pools. In time, after a series of re-organisations and redundancies it meant that I became the Client Manager for all the authority’s leisure contracts and became responsible for the accountability and control of Valley Leisure. “Test” had been dropped from the title and their operation of Romsey Rapids and Andover Leisure Centre, no longer “Sports,” reflecting the broadening role of facilities in the 1990s to offer a wider programme of activities to the community other than just ‘sport.’

As Walsh observed, 'The public service became a network of interacting agencies in which organisational boundaries were blurred.' This was true from my experience with the reporting structures at Test Valley Borough Council and the management of the leisure contract with Valley Leisure. For me the process to escalate any contractual issue was through my Head of Department and onto the Leisure Services committee that was at that time controlled by the same person who was coincidentally, the Chair of the Board of Valley Leisure Charity trustees and the person that Sheridan reported to.

This loose contracting position was in my opinion, a rather short 'arm's length' relationship. Nevertheless, a contributing factor to what Sheridan has highlighted as the importance of making this form of partnership work and being one of the keys to us having a successful client / contractor relationship at Test Valley. Eventually, Sheridan and I both moved onto to new roles in different organisations.

Fast -forward to 2020.

Sheridan Easton and Paul Wheeler are working together in the Institute of Sport at the University of Chichester sharing the experiences and knowledge with the next generation of sport and physical activity managers.

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