

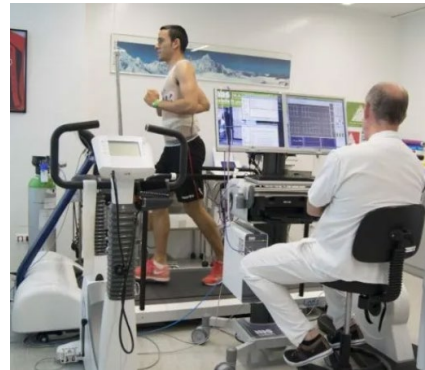
Core Values in the Public Sector applied to outsourced Leisure Centres

Dr Susana Monserrat | S.Monserrat@lboro.ac.uk

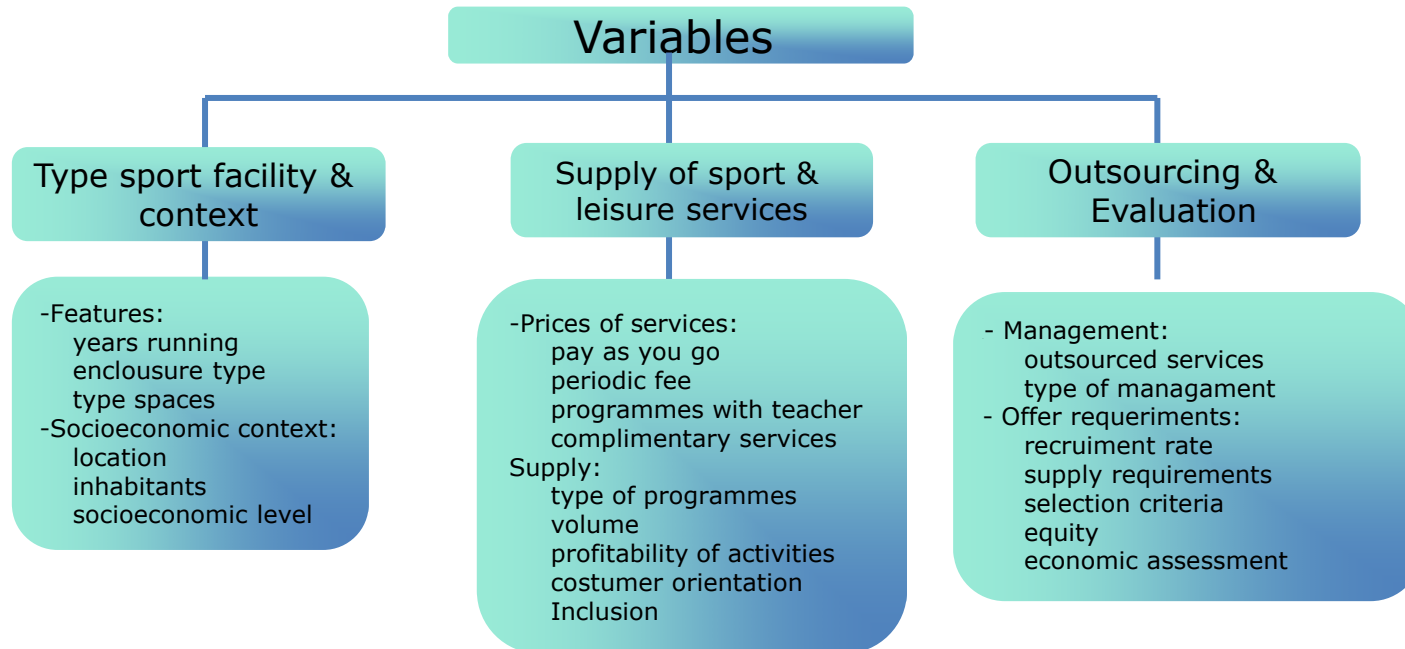
1. Interest on the topic



Sport Manager in a Council in Tarragona



PhD on Comparative analysis of prices, programmes of in-house and externalised Leisure centres (LC) in Catalonia (Spain), and analysis of the requirements included in the outsourced LC.



Turning point?

Swim England warns almost 2,000 pools could be lost forever by end of decade (Sept 21)



Based on current pool build trends, the number of available pools could decrease by more than

40% by the end of the decade

That's almost

2,000 pools

POOL CLOSED



This could mean

3.86 million

people shut out of the activities they love



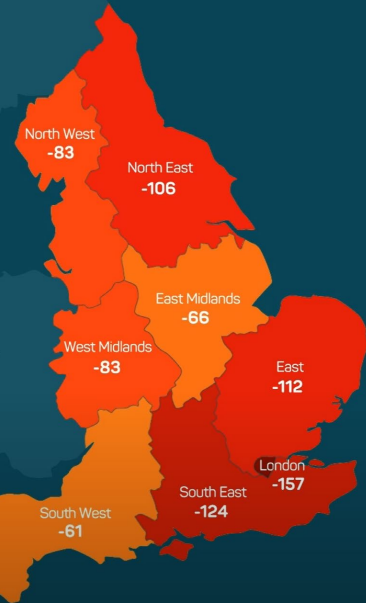
Projection of swimming pool shortage per Swim England Region in 2030

Total shortage 792

By 2030

73% 

of local authorities could have a shortage of at least one swimming pool



[#LifeWithoutPools](#) We need your help today to make a difference and it'll take less than 10 minutes.

LEISURE CENTRE CONTRACT COULD BE BROUGHT IN HOUSE AFTER COVID BLOWS HOLE IN SOUTHWARK COUNCIL'S BUDGET

✍ KATHERINE JOHNSTON (22 July, 2020)

Financial support package worth £1.2 million was agreed for March to June during lockdown closures

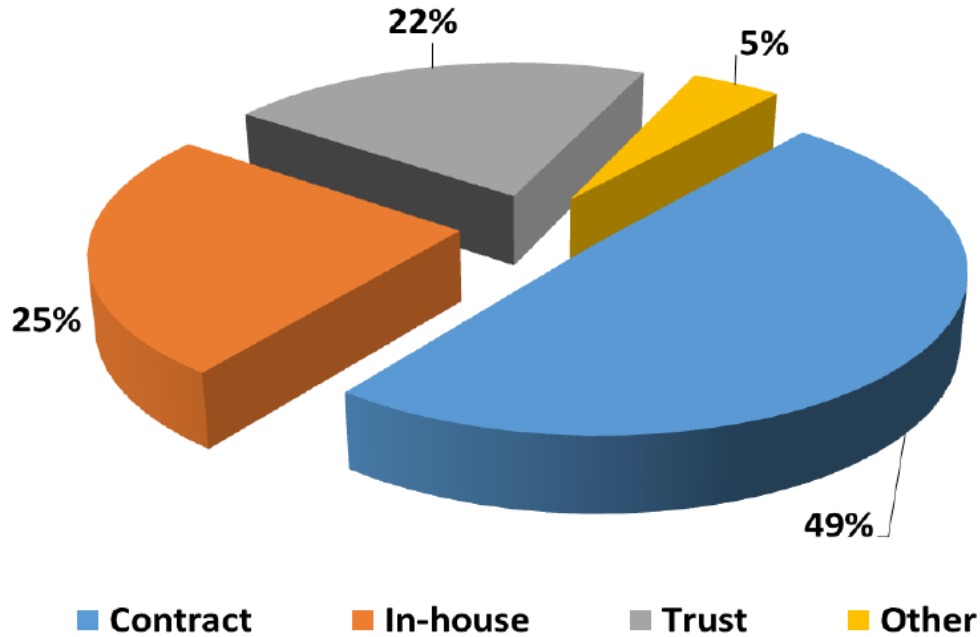


After Pandemic, Economic and energetic crisis?

ukactive estimates 400 gyms, pools and leisure centres already lost and further 2,400 at risk without greater support in Budget

By ukactive | 01/03/2021

LA Leisure Provision

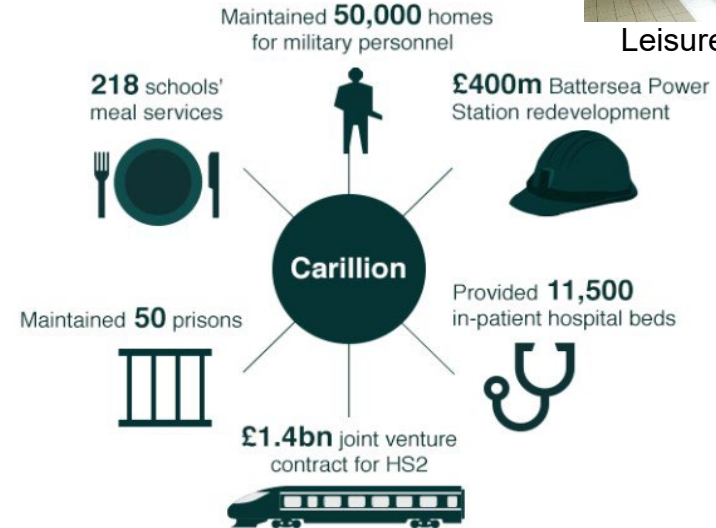


What happened with Carillion? Watch: [Why Carillion went into liquidation – YouTube](https://www.youtube.com/watch?v=44383224) 2'09"



Construction company and services contractor for the public sector.

What did Carillion do?



Leisure centres

UK examples

Source: Carillion Image <https://www.bbc.co.uk/news/business-44383224>

Carillion's collapse case 2018

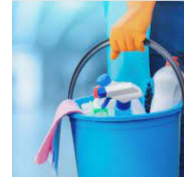
Features

- ✓ **Biggest state contractor** (420 UK public sector contracts)
- ✓ **Public risks are transferred:** set-up cost, borrow money, return only from customers fees, contract 20/30 years.
- ✓ **Rapid extension** in a short period of time (1999-2018)
- ✓ **Offering very low bidding** -> low benefits margins
- ✓ **Directors' bonus tied to revenues** no profits
- ✓ Contractors have **strong relationships** with **politicians**, who allocate contracts, **banks**, corporate directors,...
- ✓ **Expenditure cuts in place** (workers, contractors,...)

Outsourcing -What has worked and what needs reform?



-**GREEN:** Good in some “support services”
(20% operating costs savings with good levels of Q)
-> significant **efficiencies** but mostly **paying staff** less.



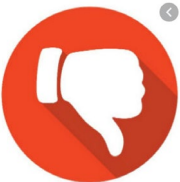
-**GREEN/AMBER:**



-**AMBER:** mixed results for “in front-line services”
(some metrics + other -)



-**AMBER/RED:** Private financing of construction:
more expensive and unclear benefits



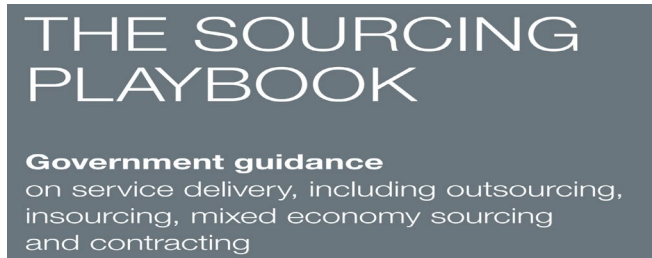
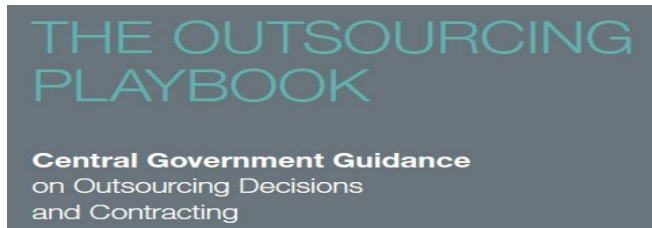
-**RED:** Probation has failed in every measure.



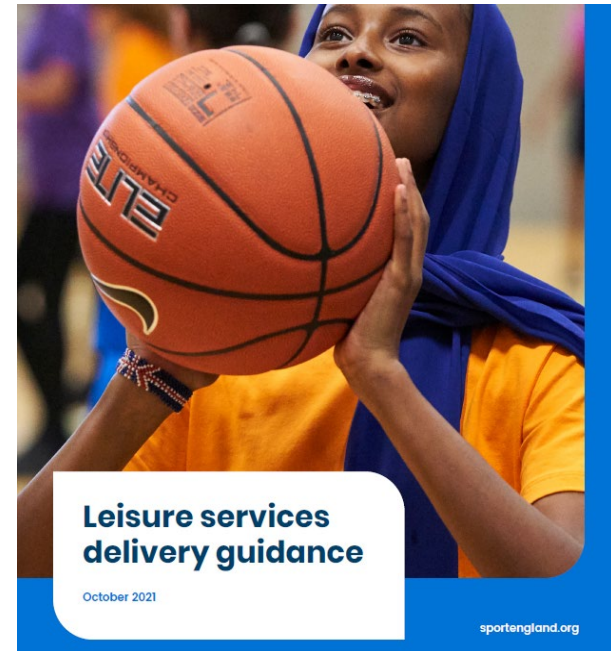
Sasse et al. (2019). *Government outsourcing. What has worked and what needs reform?*

How we make insourcing and outsourcing decisions, and deliver public services in partnership with the private and third sectors.

Cabinet Office, 2019 & 2021



Sport England, 2021



3. Research done last year with students

Leisure centres Features

- ✓ Typical facility mix of swimming pool, sports hall, and health and fitness facilities. [Combined leisure provision | Sport England](#)
- ✓ High costs and complex management but a “**ready for business facility**” (*at least before this last crisis*)
- ✓ Main indoor sport facility supporting sport participation



Core Values in the Public Sector

New Public Management

Need to **report** on the usage of public resources and answerability for failing to meet objectives

Accountability

Effectiveness

Is the **quality** of the outcome in relation to the **resources** used.

Amount of output that is achieved for a given **resource** input (material, staff, time...)

Efficiency

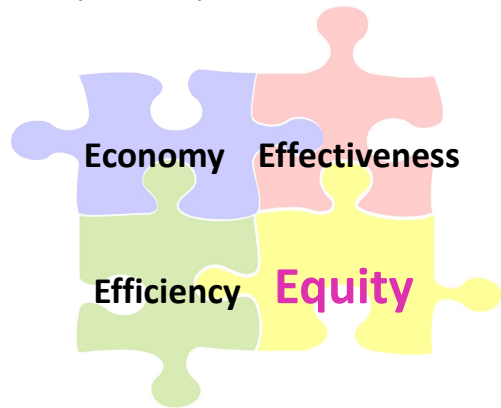
Equity

Social responsibility: Impact of decisions and actions on society and environment (welfare and health of society/equity, stakeholders' expectations, laws compliance)

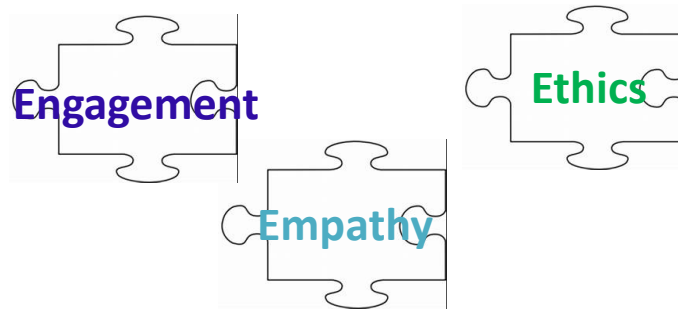
Balancing the Four Es and more?

How do we elevate **social equity** to equal playing status with the other pillars of public administration values such as **economy, efficiency, and effectiveness**? (2011)

Should we add a new set of Es: **engagement, empathy and ethics**? (2022)



Norman-Major, Hamline University, USA



Sport England guidelines and APSE report, 2021 *(Securing the future of public sport and leisure services).*

Main values applied to leisure centres were identified and 3 UG Sport Management students analysed them in outsourced leisure centres in the UK.

- Secondary data analysis from LA's documents involved in the tendering process.
- Sample: 10 leisure centres in Northern England and Midlands, 4 in South Korea, 4 Queen Elizabeth Olympic Park facilities.
- Data collection: websites and FOI requests.
- When: February to May 2022
- Analysis: Thematic Analysis with software NVivo.

Type of documents analysed

We aimed initially for contracts but a mixture of documents was received (*harder analysis*)

UK and South Korea contracts comparison

8 contracts in cities with more than 60.000 inhabitants

~~Queen Elizabeth Olympic Park:
London Stadium (contracts) and
for Copper Box Arena and
London Aquatics Centre (reports)~~

LA	Number	Document type NORTH AND MIDLANDS UK
1	1	Project agreement
2	1	Invitation to submit tenders
3	1	Executive summary from tender applicant
4	3	Appendix Invitation to submit tender- instructions Further information and instructions
5	1	Conditions of contract
6	2	Specification Contract
7	1	Council notes regarding contract and report of contract
8	2	Services specification Contract
9	3	Operating philosophy Minimum operating standards Site specific operating standards
10	1	Invitation to tender

Brief analysis of RESULTS

- Economy
- Effectiveness
- Efficiency
- Equity

It was easily identified in all contracts.

LA are sharing some managerial and financial responsibilities with contractors
(more than in Korea- with risk mainly transferred to private sector)

a) **Transferring costs:**

“The Contractor shall pay or procure payment to the relevant Utility suppliers directly for all Utilities supplied”

b) **Encouraging costs reduction:**

“the Contractor and the relevant Sub-Contractor shall take all reasonable steps to mitigate any additional costs”

“no adjustments shall be made in respect of overpayments made by the Contractor”

b) **Imposing penalties** for bad economic performance.

c) **Limiting** the amount of **money** given to the contractor

“The Council shall pay the Contractor up to a maximum of £30,000 per Contract Year for the replacement of Council Equipment”

Goals and systems to assess the level of service

- a) Monitoring:** implemented in most LA (6/10)- contractors have a duty to monitor and assess their quality performance on a regular basis, through QUEST accreditation or specific scores they had to achieve. Only 1 LA was very specific about service specifications, policies, requirements and protocols to be applied.

The Contractor shall throughout the Contract Period maintain a properly documented system of quality assurance based on the principles laid down in QUEST or European equivalent which may have been adopted in this Country.

“access to all the Contractor’s records, receipts, invoices, reports, drawings, technical specifications and performance logs”

- b) Customer satisfaction** is contemplated in most contracts (quite vague requirements).

- Increase visitor numbers and customer satisfaction, especially amongst those hardest to reach

“Deliver accessible, exciting and satisfying experiences for local people in [redacted] to increase and enjoy their sport and physical activity and improve their health and wellbeing.”

Asking contractors to work efficiently according to some Standards, regarding to:

- minimising the **cost of the delivery**
- encouraging the employment of **skilful staff** and planning training sessions.
- planned and unplanned **maintenance works**
- **inventories** of machinery and other resources
- tender assessment **criteria**

Evaluation Criteria:
Evaluation Criteria Weighting Range

COMMERCIAL (50%)

QUALITY (50%)

Quality	40%
Cost	60%
Total	100%

Delivering efficient and effective services that residents need

Minimise the net cost of the Centres' delivery to the Council by at least achieving a 7% reduction in cost on a year by year basis over the first 4 years of the Contract period.

“the Contractor will at all times ensure that the Services are performed by appropriately qualified and trained personnel”

“shall take all reasonable steps to minimise the duration of Unplanned Maintenance Works”, which “must be carried out outside of the Opening Hours”

Much more emphasised in the UK than in Korea for both, customers and employees:

“in ... dealing with the Council, Customers and Council Related Parties, the Contractor ... shall ensure that its employees, agents and Sub-Contractors comply with Human Rights Act 1998, ... all Equalities Legislation and all relevant guidance and codes of practice relating to equal opportunities”

Items analysed:

- Healthier Lifestyles
- Community Togetherness
- Inclusion

Healthier Lifestyles

Many LA encourage an increase in participation and healthier food (i.e. using elements of the SMART targeting system, specific schemes)

iv) Promoting healthy lifestyles v) Targeting inactive people vi)
Increasing low level activity

1 The Contractor is expected to make a significant contribution to increases in participation in sport and physical activity. The Council has the following high level participation targets for its Centres:

0 An increase in throughput of 2%, year on year. for the first five years of the contract (I.e. a 10% increase in overall attendances at the Centres overall in a five year period.)

0 An increase in regular attendances (those attending the Centres twice or more per week on average), of 2% per annum for the first five years of the contract.

. An increase in throughput of hard to reach groups as determined by the Contractor and Council within 6 months of contract commencement.

Use physical activity as a cross-cutting tool to contribute to the Council's wider strategy (e.g. health and wellbeing, anti-social behaviour)

- Increase the number of people participating in physical activity
- Reduce the number of people who are classed as 'inactive' (participate in less than 30 minutes physical activity per week)
- Use physical activity as a means of promoting health and wellbeing.

Community Togetherness

Present in 9 out of the 10 LA's documents, with examples related to:

- The growth of the local area
- Protection of the environment and local sustainability
- Accepting work experience placements
- Controlling noise levels to avoid disturbing locals

2.1.7. The Council is committed to the provision of facilities and services that serve the local communities and their respective catchments over the medium and longer term ensuring usage reflects the communities that they serve.

A more prosperous society
Safer and stronger communities

Inclusion

All LA included requirements related to social inclusion varying from a general aim to very specific targeted groups or concession schemes:

“the Discounted Price ... is available to those over 60, under 17’s and full time students and is equivalent to a 40% reduction. People with a disability may access either the Concessionary or Discount schemes”

The following priority groups in [redacted] (‘the District’) are a key focus for this strategy due to local and national priorities:

- Older People – [redacted] has a growing ageing population
- Women & Girls – Participation in sport and physical activity is generally higher in males than females
- Children & Young People – It is vital to give children and young people a positive physical activity experience in order to create good habits for life. Early intervention is essential in order to encourage an active lifestyle
- People with Disabilities (including physical, sensory and learning disabilities and people with mental health conditions) – Disabled people have been identified as an

0 Free swimming for the under 8’s 0 Develop “Swim4Health” our bespoke referral programme 0 Concession schemes for-Students and other disadvantaged groups. 0 Pricing policy to encourage users o Provide dedicated staff to deliver the ‘Exercise referral scheme”.

The Authority operates a concessionary access card scheme that offers a wide range of benefits to local people. [redacted] residents that are currently receiving benefits can also access discounts to the main leisure facilities operated on behalf of the Authority. The Contractor will be expected to operate the scheme at the Facilities.

Discussion

Different LA's have different priorities and a variation of depth and detail in requirements when outsourcing a leisure centre, but there are some similarities in the tendering process:

- The emphasis seemed to be put on Economy over the other values (assessment criteria: 50 to 60% cost or price)
- Sport England and QUEST accreditation both have a substantial role within the expectations of how leisure centres should be run and guide them towards the LA's aims (Effectiveness)
- Equity is widely considered but it could be better targeted.

Limitations

- Initial exploratory study
- Small sample
- Difficulty to access to proper contracts, so not all documents have same relevance.
- Lack of experience of some students

Future research

- Extend the analysis to a representative sample of Leisure centres in the UK
- Deeper analysis of elements included in each value to better inform managers for future contracts.

After this pilot study carry out with students at Loughborough University I am currently conducting a research on analysing core values applied to outsourced Leisure Centres in England and Spain, with the aim of:

- Exploring the prevalence of **social equity, economy, efficiency, and effectiveness** in Local Authorities leisure centres contracts.
- Identifying **best practices** in both countries.
- Making some **recommendations** to LA managers to achieve a better use of their public services.

Any questions?

Thank you for your attention