

The asset transfer of local authority leisure facilities to volunteer led groups. Summary for practitioners November 2016

This is a summary of research conducted 2014 to 2016.

It is developed in a journal paper, to be published in 2017.

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Differences between the first and second waves of asset transfer.

The first wave of asset transfers of leisure services took place in the early 1990's. Examples included Sheffield International Venues (SIV), Greenwich Leisure Limited (GLL, now operating under the brand 'Better') and Edinburgh Leisure. In these cases:

- volunteers were selected and appointed to act as trustees
- the process of transfer was led by paid employees of the local authority
- there was a longer time for planning the transfer
- a trust typically managed a set of facilities across an authority
- a major benefit of transfer to trust status was to gain rate relief, but they were also able to offer a service more responsive to the leisure market.

The process of transfer to large trusts and national private sector operators has continued. A review of 232 local authorities' websites in April 2015 (1) showed that nine national operators – the majority operating as a form of Non-Profit Distributing Organisation – managed facilities in 44% of authorities. Of 161 contracts with local authorities, three operators held 61%. So the market is dominated by a few 'big players'. For example, Greenwich Leisure Limited now operate 210 sites. These big national operators may offer an attractive option to a local authority wishing to off-load all its leisure facilities in one tranche, but they need to be potentially profitable.

Small recent asset transfers since 2010 are different:

- The volunteer groups normally emerge as a campaigning group against closure.
- The group's concern is normally with one facility, which they value and identify with.
- The facility may have had an important place in the local community for generations.

- The volunteers have to transform from a campaigning group to one which can plan and execute the transfer to trust status themselves, and run the facility afterwards.
- Transfer will involve the volunteers choosing and adopting a legal identity, from a set of alternatives; and making a business plan.
- The volunteers will often have other paid jobs – so will be doing this work in their ‘spare time’.
- They may have little support from local government, as there is limited capacity to support them. In some cases local government may not want to support them.
- They may have, and welcome, support from volunteer support agencies, but this is also limited as these agencies have themselves been affected by cuts.
- Planning for transfer may be within tight time deadlines.

What helps these small groups succeed?

Our research has had limited access to examples which have not succeeded, as these are politically sensitive, however, characteristics of successful transfers include:

- A core set of volunteers who have the skills, confidence and time to give.
- The ability to produce a viable business plan – which in turn, will reflect the local market.
- A practical awareness of local politics. It was much easier for groups to effect a transfer if they had an understanding of how local politics worked, and preferably links with key players.
- Support from the local authority through favourable or peppercorn rents.
- As previously, the facilities can gain rate relief. Since 2013, local authorities can keep a proportion of the business rate income (2). So if local government now gives 100% rate relief, rather than 80%, this is a direct cost to its own income.
- The transferred facilities still employ staff, but costs are reduced by employing new staff under less favourable conditions. In particular, it has not been possible to maintain the same pension provision. In most cases the previous local authority staff have been redeployed to other facilities.
- Reducing other running costs by a careful attention to detail; for example, by reducing lighting, or changing suppliers of utilities.
- A greater flexibility and responsiveness to the local market, reflected in more innovative programming.

Advantages of asset transfer to small volunteer led groups.

- The facility stays open.
- It will become more responsive to the local market and more innovative.
- More generally it can be more than the same service delivered more cheaply, but can develop a greater sense of ownership by the local community who regard it as something they take ownership and responsibility for to provide in a co-operative way. This is an ideal, but we have seen signs of this. In all transfers volunteers have an incentive to increase local usage, both to generate income, but also the next set of volunteers. This will not apply if the facility is taken over by one of the national operators as it will not have the local sense of ownership.

Limitations and issues

- The pot of skills, confidence, and sense of being able to make a difference, is not evenly distributed in society. Areas of greater social and economic disadvantage and where the population is more transient may find it harder to find a core of volunteers willing to take on a facility. These areas may also be disadvantaged in the financial potential of the facility. In these areas volunteers will need more support to make transfer viable and sustainable – which may not be available.
- The implications of previous grants may not be clear: for example, one facility had been awarded a lottery grant a few years previous to transfer, and it was unclear if after transfer the liability to pay a proportion of the grant back if the facility transferred to the new trustees from the local authority.
- The amount of rate relief is now discretionary. Even if it has given 100% relief in the past, local government can reduce that to 80%. Local government may not wish to commit itself to the higher rate so this is an ‘unknown’ for the facility.
- Economic sustainability – all facilities were being subsidised indirectly by nominal rents. Can the facilities remain sustainable – even if rents are not increased.
- Capital costs are typically not built into business plans. So facilities will need support with fixing a roof, or a new boiler, etc. They may be able to get a lottery grant, but this will be conditional on having a long enough lease.
- As above – the implications of TUPE are not always clear.

What else could have helped these groups in asset transfer?

- Support from volunteer support agencies could be increased, but this depends on funds being available.
- It was much easier for volunteers to plan a transfer if they were supported by local authority staff. Guidance and support in making a business plan could be invaluable, especially details of the local situation.
- Practical guidance on ambiguities of TUPE and of liabilities for past grants.
- Being able to talk to other group who had done the same thing.
- Facilities were transferred with no basic practical information on how to run them. For example, how to operate a boiler in a swimming pool or prevent legionella in the shower system. Volunteers had to teach themselves these practical details. It seems surprising that no basic manuals were available on how to run some facilities.
- None of our groups reported using the Sport England (3) asset transfer guidance, which is an online resource. Perhaps this could be better advertised and updated.

Further research

We need to see how these facilities are viable in the longer run. Are they sustainable both economically and by being able to replace the core volunteers who led the transfer? Do they continue to show the advantages of flexibility and responsiveness to the local market? How do they cope with capital costs – do they have to rely on further local authority support? Do they represent a transformation of the way local leisure services are delivered by enriching local communities who gain a new sense of ownership of the facility?

We are extending our research to focus on libraries. Public Libraries News (4) reports that since April 2011, 242 libraries have closed, with 100 being taken over by volunteer groups or social enterprises. An additional 103 mobile libraries have also closed. Unlike sports centres there is not a set of large national operators to take these over, and they generate little revenue. So transfer to volunteer management is more likely to be the only viable alternative to closure. And from an academic perspective, do our transfers just reflect a reaction to

austerity forced on local government (5), a front for a general redistribution of wealth to the rich (6), or do they offer a positive alternative vision of how local services could be provided?

We welcome opportunities to discuss our research and extend it.

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