

Feedback from Other Trusts established by other Local Authorities

Example A - Leisure Trust

First and the most important message is **“Don’t just do this for the money (financial savings only)”** This is a key message. It’s all about improving the customer experience and getting more people more active more often and achieving long term sustainability. Don’t be afraid to use the word “PROFIT” and Culture Change is only achievable by having and developing the right people, both team and board. Don’t underestimate how difficult it is to change the culture, the drive for change has to be relentless.

Below are some key points:

- Culture change journey progressing – not easy, not there yet, progressing well
- New redevelopments of £2.5m and an increase of **85,000 visits to the new facilities**
- Exceeded Income Targets for new developments by **39%**
- Generated Profit for the third year of trading – used towards the £2.5m investment /other improvements
- **26.71%** increase physical activity visits over 14/15 (**217,000**) **1.03M** visits in total
- **Circa 20** additional Team Members employed
- Investment in our Team. Continuous training/development

The growth/improvement achieved is partly attributed to the Trust model. This allowed the business to operate in an agile/innovative way. Decision making is far, far quicker allowing the Trust to be nimble when reacting to customer requirements and proactive to bring in new services. Quick decision making is made possible by having a Board who fully understand their strategic role, rather than being “hands on”. It is also about a mutual trust between the Board and the CEO.

The model alone was not enough to transform the business. Transformational change has come from strong leadership at Management/Board level. The change journey started with the development of a clear Mission/Vision underpinned by three simple Key Aims.

The Board has been through transformation encouraged and driven by the Board such as recruitment against skills based criteria. Board recognised early doors an issue in relation to gender balance this is being addressed, was **9% now 40%** female Board members. There is work required to make the Board more inclusive.

The CEO made difficult decisions regarding the team, hired new ambitious staff with a different skills set, commercial acumen, sales, performance and people focused.

The Leadership Team work continuously with the “whole team” to engender a customer centric and commercial approach. Staff clearly getting it, they talk customer service and ideas to increase income. Risk taking encouraged, example £2.5m investment to increase physical activity/drive income.

Enhanced partnership working is a significant opportunity available to a social enterprise in the delivery of services. The trust has built partnerships of mutual respect. It describes its relationship with its local authority, its largest client, as a journey where both partners are heading for the same destination, namely the long term sustainability of the leisure service. In

the new partnership arrangement, the Trust has fostered a good relationship with numerous local authority's departments, finance, property and legal, where the Trust is now the customer.

The business plan sets out a range of targets to be achieved including the level of trading income. To achieve the income targets/profit directly relates to the number of its customers, this in turn is only achievable by through delivering the highest quality of customer service. The risk sits with the culture change at the heart of the Trust. This is the transformation of staff from employees to owners and to a focus on the 'customer' rather than focussing on internal processes and systems.

Change of business culture

The Trust launched in 4 years ago with a number of overarching aims. The first is to encourage more local people to be active. It does this by maintaining and investing in the development of a wide range of quality sports and leisure services, in order to retain and attract existing and new customers. As a social enterprise, the re-investment of profit in the service is central to the business rationale. The re-investment also keeps money spent by local people circulating in the local area.

Its second aim is to re-shape services for improved community outcomes. It does this by using commercial business principles to deliver social outcomes. Three clear objectives drive the Trust towards its overarching social aim/social outcome. They are:

- Increasing participation levels
- Increasing income
- Minimising cost increases.

To effectively compete in the commercial market place, the Trust is has worked hard to change its organisational culture. Leisure is a people business – a business delivered by people for people. Maxims such as; 'we're all in this together', 'it's our business' and 'this is your business', capture the cultural change. The Trust stands to succeed or fail by the attitude and actions of the staff taking ownership of the new social enterprise.

The staff team are asked to subscribe to a core set of values that guide all business transactions. The values comprise openness and honesty, determination to achieve and be a market-leader and to be customer focused across the business. All employees have a set of 'brand standards' by which they must operate with a smile and a clean and tidy appearance. The achievement of standards is reinforced by verbal and written praise for the staffs' performance.

Example B – Trust with Leisure, Arts, Libraries, Heritage Sites and Community Learning

Based on experiences to date, below is a draft list of what the CEO saw as the critical themes for consideration:

1. Management Fee trajectory is critical - avoid large reduction for at least 2-3 years, to allow new company to grow...if contract is 20 years, it would help to negotiate a 5 year phase management fee reduction;
2. Board composition critical - ensure you have the right balance of skills from the start and a shadow Board in place prior to transfer will help;
3. Insert new SMT at least 12 months prior to transfer, to ensure negotiations on 1 and 2 are dealt with effectively. Clarity on recruitment or not would be very helpful as early

- as possible re the composition of SMT in new company....are the commercial skillsets present...make staff changes as much as possible prior to entry to Trust, if required;
4. Appointment of external solicitors an advantage to represent new company transfer in contract negotiations. Some LA's use their own but we used a London firm who represented both LA and Trust and created a kind of chinese wall principle;
 5. Training and awareness of new company needs to be in place for all staff prior to Trust to inform and build confidence i.e. TUPE, benefits etc;
 6. Pension needs thought e.g. open or closed on entry and bond guarantee;
 7. It would benefit to have an agreed level of reserve upon entry;

Benefits

1. Becoming a new Trust brings a 'sense of togetherness' and excitement amongst staff;
2. Re-invest surplus into business...may be lost in an LA;
3. Exciting seeing a new company grow;
4. Can provide staff with benefits to incentivise, which doesn't always occur in an LA culture;
5. Easier to make commercial partnerships;
6. Can tackle salary structures comparable to Trust sector both public and private but not easy to achieve
7. I believe our culture is now much stronger than when in the LA and our current sickness has improved.