

APPENDIX 3B
LBTH Management Options Appraisal
Evaluation Framework - Summary

	Weighting	OPTION A: OUTSOURCING TO LEISURE OPERATOR	OPTION B: IN- HOUSE MANAGEMENT	OPTION C: LOCAL AUTHORITY TRADING COMPANY (TECKAL)	OPTION D: NEW LEISURE TRUST
FINANCIAL CONSIDERATIONS					
Cost	Extent of Council responsibility for/exposure to:				
	Income generation				
	Economies of scale for key costs, including utilities				
	Salary levels (not relating to LGPS)				
	Overhead management costs				
	Profit				
	VAT treatment				
	Non-National Domestic Rates (NNDR)				
	Pension liabilities				
		<i>Based on net position from financial analysis</i>	<i>Based on net position from financial analysis</i>	<i>Based on net position from financial analysis</i>	<i>Based on net position from financial analysis</i>
		Score: 5.00	0.00	3.97	3.97
Risk transfer (commercial)	Extent to which the Council can transfer key risks (without losing influence over the delivery of outcomes):				
	Day-to-day operations (e.g. costs resulting from unavailability of areas of a building)	4	2	3	4
	Change of customer demand	5	2	3	4
	Local competition	5	2	3	3
	Change in law affecting operation/cost/ facility specification	4	2	2	2
	Utility cost (tariff) changes	3	3	3	3
	Utility cost (consumption) changes	4	2	3	3
	Uninsured risks	4	2	3	3
		Score: 4	2	3	3
NON-FINANCIAL CONSIDERATIONS					
Service delivery	Relative ability of each model to:				
	Deliver the Council's current strategic objectives for next 10 years	3	5	4	4
	Work with other Council departments, e.g. Public Health, Parks, etc.	3	5	3	3
	Meet the Council's net zero objectives	4	4	4	4
	Deliver excellent customer service	4	3	3	4
	Increase participation in the most economically and sustainable way	4	3	3	3
	Engage with most vulnerable groups within the borough	3	5	4	4
		Score: 4	4	4	4
Operational flexibility (for Council)	Ability to adapt to changes to the service within the period				
	Opportunities for cross-Council initiatives, e.g. joined up IT solutions across leisure/IDEA stores	3	5	3	3
	Extent to which arrangement protects service in long-term (10 years)	4	3	4	4
		Score: 4	4	4	4
Risk transfer (operational)	Extent to which the Council can transfer key risks (without losing influence over the delivery of outcomes):				
	Health and safety	4	2	3	3
	Managing, recruiting and retaining staff	4	2	3	3
	Planned preventative maintenance, including compliance checks	4	2	3	3
	Investment to improve the estate	3	5	2	2
		Score: 4	3	3	3
		100%			
	Total Raw Score:	72	59	59	62
	Total Weighted Score:	76%	65%	67%	69%
		<i>Preferred option</i>			

LBTH Management Options Appraisal Evaluation Framework - Full Scores

		Weighting	OPTION A: OUTSOURCING TO LEISURE OPERATOR	OPTION B: IN- HOUSE MANAGEMENT	OPTION C: LOCAL AUTHORITY TRADING COMPANY (TECKAL)	OPTION D: NEW LEISURE TRUST
FINANCIAL CONSIDERATIONS						
Cost	<i>Extent of Council responsibility for/exposure to:</i>	30%				
	Income generation					
	Economies of scale for key costs, including utilities					
	Salary levels (not relating to LGPS)					
	Overhead management costs					
	Profit					
	VAT treatment					
	Non-National Domestic Rates (NNDR)					
	Pension liabilities					
		Score:				
Risk transfer (commercial)	<i>Extent to which the Council can transfer key risks (without losing influence over the delivery of outcomes):</i>	10%	A B C D	A B C D	A B C D	A B C D
	Day-to-day operations (e.g. costs resulting from unavailability of areas of a building)		3 5 5 4	1 2 1 3.5	3 3 3 3.5	3 3 5 3.5
	Change of customer demand		5 4 5 4	1 2 2 3.5	4 2 3 3.5	4 2 5 3.5
	Local competition		5 4 5 4	1 2 2 3	4 3 3 3.5	4 3 3 3.5
	Change in law affecting operation/cost/ facility specification		3 3 5 4	1 1 2 3	1 1 3 3.5	1 1 4 3.5
	Utility cost (tariff) changes		3 2 3 3.5	3 2 3 3	3 2 3 3.5	3 2 3 3.5
	Utility cost (consumption) changes		5 2 4 4	3 2 1 3	4 2 4 3	4 2 4 3
	Uninsured risks		4 4 5 4	2 2 1 3	3 2 2 3.5	3 2 4 3.5
NON-FINANCIAL CONSIDERATIONS						
Service delivery	<i>Relative ability of each model to:</i>	30%				
	Deliver the Council's current strategic objectives for next 10 years		3 3 4 3.5	4 5 5 4	3 4 4 4	3 4 4 4
	Work with other Council departments, e.g. Public Health, Parks, etc.		2 2 3 3.5	5 5 5 4	2 3 4 4	2 4 3 4
	Meet the Council's net zero objectives		4 3 4 3.5	4 5 5 3.5	3 4 4 3.5	3 4 4 3.5
	Deliver excellent customer service		4 4 4 4	3 4 3 3.5	3 4 3 3.5	3 4 4 3.5
	Increase participation in the most economically and sustainable way		4 2 4 4	2 4 4 3	3 3 3 3.5	3 4 3 3.5
	Engage with most vulnerable groups within the borough		3 2 3 3.5	4 5 5 4	3 3 4 4	3 4 3 4
Operational flexibility (for Council)	Ability to adapt to changes to the service within the period	20%				
	Opportunities for cross-Council initiatives, e.g. joined up IT solutions across leisure/IDEA stores		2 2 3 3	5 5 5 4	2 3 4 3	2 3 3 4
	Extent to which arrangement protects service in long-term (10 years)		4 3 4 4	2 4 3 3	4 4 3 3.5	4 3 4 3.5
Risk transfer (operational)	<i>Extent to which the Council can transfer key risks (without losing influence over the delivery of outcomes):</i>	10%				
	Health and safety		4 4 4 3.5	1 2 1 3	3 2 2 3	3 2 4 3
	Managing, recruiting and retaining staff		5 4 4 4	1 2 1 3.5	4 2 3 3.5	4 2 4 3.5
	Planned preventative maintenance, including compliance checks		5 4 4 4	1 2 2 3.5	4 2 3 3.5	4 2 4 3.5
	Investment to improve the estate		3 2 3 3.5	5 5 5 3.5	2 1 4 3.5	2 1 4 3.5

**LBTH Management Options Appraisal
Evaluation Framework - Scoring Methodology**

Score	Description of score
5	The model meets the criteria fully in line with the council's requirements
4	The model meets the criteria to a significant degree with the council's requirements
3	The model meets the criteria satisfactorily and has some disadvantages
2	The model does not meet the criteria to in a number of areas
1	The model does not meet the criteria in a number of key areas and has a significant number of disadvantages
0	The model does not meet the criteria to any degree