

1. Foreword

I am delighted to present the initial Business Plan for NewCo, a company set up by and wholly owned by Redditch Borough Council and launching in January 2019.

The objective of this document is to provide the reader with a realistic picture of what we aim to achieve in the critical early stages of the company's life (our key aims and objectives) whilst also drawing attention to the challenges that NewCo will undoubtedly experience.

Whilst a significant amount of work has and will continue to be done ahead of the launch date the new business will only come to life in January and that is when the hard work really begins. My challenge is of course to ensure those plans are implemented in a robust and timely manner such that the benefits that underpin the decision to establish NewCo are fully realised.

Having day to day responsibility for the delivery of the councils priorities through the Leisure and Cultural Services is a significantly responsibility. I am conscious that this responsibility extends beyond the need to reduce the financial reliance on funding from the Council but equally important the influence NewCo will have on the health and well-being of local people, particularly those that are most vulnerable.

I believe in transparency and it is my intention to provide an updated annual business plan every year , which builds on the previous plans to tell the story of the development of NewCo. Both celebrating significant milestones and successes whilst also setting the scene around future plans and aspirations. It is through this approach that people can contribute on an informed basis on that journey.

I am proud to be a part of NewCo and excited by the opportunities and challenges ahead.

Signed

NewCo Vision

We will promote emotional wellbeing and being active to enrich resident's quality of life, reduce social isolation, promote independent living, connect communities and break down barriers to participation by providing high quality leisure and cultural opportunities.

MD Of New Co (or interim Post Holder)

2. Introduction

The decision, in 2018, by RBC to establish an independent trading company to manage and operate its Leisure and Cultural Services (L&CS) was a recognition of the need to maintain and improve on the quality of those services and facilities, at a time when all public authorities have limited funding available to provide discretionary services.

To support that decision, NewCo has worked with the council and specialist advisors to develop a detailed Business plan through to 2024. That document provides a much more granular view than this summary document around NewCo setting out how it plans to support the Council's Strategic Purposes and achieve its key measures, including financial. A very detailed service specification is in place that underpins the relationship between NewCo and the Council to ensure agreed outcomes are met in full.

The purpose of this document is not to replace that detailed plan, rather to present the key points of that document in a summary version to inform stakeholders and stimulate discussion and debate around those plans.

A tremendous amount of work has been done, by NewCo and council teams, to be ready to launch the Company on the 1st December 2018. That said it is important to recognise that whilst the detailed planning and preparations made are important it is the determined execution of those plans that are critical to the success of NewCo.

Naturally, as with the launch of any new company those plans will be subjected to some head winds and unplanned events. By working together with our partners, we will have to adapt our course at times but must remain true to the outcomes we have agreed. Our plans for the initial year of trading reflect that level of pragmatism, we need to firstly build a strong operational base, develop and grow our workforce and win new customers (and retain those we already have). It is natural that whilst we establish ourselves there will be challenges, we will however continue to look for new opportunities that may arise.

To create the right conditions for success we would identify three areas of focus:

1. **Our People:** Critical to that success is the professionalism and dedication of the staff, at all levels, within NewCo, each person has a key role to play in ensuring that we become more than just a new name or logo. We must ensure that the quality and range of services we offer meet the needs of residents and visitors alike so that they not only continue to use them, but importantly extend their usage and act as advocates for new users.

We will invest in the recruitment, training and development of our staff to build a professional, motivated and engaged workforce that focuses on meeting the needs of our customers.

2. **Our Facilities:** Alongside the investment in our people, we are ambitious about the services and facilities that we operate. Expanding our service provision is key and we are moving ahead with detailed proposals to develop new attractions that will encourage new users across different ages.

It is essential that we continue to refresh the range and quality of facilities available to current and potential new customers, by attracting more customers we secure the income necessary to reduce the reliance on the Council, allocate funding for investment and of course `get more people more active more often` by expanding the choice and accessibility of facilities.

3. **Our Customers:**

Active engagement with customers is an important part of any organisations operating model. NewCo will need to establish structured and frequent customer engagement activity to ensure it listens and learns from what customers tell them. Customers are the most important source of intelligence for the company, both around how the service and facilities are managed and operated now but also how things may need to improve in the future. If NewCo ignores the thoughts and feelings of its customers, it will not succeed and meet the growth objective contained within the business plan.

3. Company Governance, Management and Structures

Background

NewCo is a not for profit organisation, a company incorporated for the sole purpose of the management and operation of RBC's Leisure and Cultural Services, with RBC being the sole shareholder, exercising control over the company through a shareholders committee.

RBC has awarded a management contract to NewCo for a 30-year term, with options to break at 5-year intervals after an initial 10-year term. In the initial phase of operation NewCo will have uninterrupted access to the Councils range of Support Services (HR/Finance/ICT etc) to enable a seamless transfer of services, going forward NewCo will then have the opportunity to source those support functions from the market place on potentially more favourable terms. This freedom to strike its own deals is key to the success of NewCo and the commercial approach it must adopt.

The council, as sole shareholder, has a significant influence over the company's strategy and the benefits it will bring to the local community however, day to day operational management, decision

making and control of the company rests firmly with the company's management team. The analogy is that "the Council will set the course, and the company will sail the ship"

Whilst in the future the company has ambition to expand the range of facilities and services it manages those initially in scope are:

- **Abbey Stadium:** Multi use sport stadium including 25M pool, 95 station gym and outside facilities
- **Forge Mill:** Celebrating the regions links to the Needle and Fishing Tackle industries through several displays and access to Bordesley Abbey Ruins
- **Palace Theatre:** 420 seat auditoria within a Grade 2 listed building at the heart of the town.
- **Pitcheroak Golf Course:** 9-hole golf course, established 1913 incorporating restaurant, golf academy and driving range
- **Community Centres:** Four local facilities offering a range of community-based services and events

We will retain our public-sector ethos of ensuring services are available to all, whilst adopting some of the best practices of the private sector and from the not for profit sectors - to retain existing customers and win new ones. In short " getting more people, more active, more often". That customer focus extends across both the Leisure and Cultural facilities managed by NewCo, making them attractive places to visit and learn from.

Looking to the future we have started to work with sector experts in the design and development of modern and inviting Leisure and Cultural facilities. Our ambition is clear, to modernise, innovate and improve the range of facilities we offer our customers. A summary of these investment opportunities is contained in the confidential papers . It is important to emphasise that these potential investments are outside of the company initial business plans and associated forecast profit and loss account. The savings agreed with the council are not dependent on these investment opportunities.

Governance:

Whilst the Council is the sole shareholder in the company, the Board of Non-Executive Directors will oversee the day to day operations and be responsible for making sure that the company is meeting its Business Plan objectives and thereby also the strategic needs of the Council. The Council will exercise democratic oversight and ultimate strategic control rather than become involved in the day to day operational matters. The company must be given the freedoms to innovate, evolve and succeed.

Any proposals for key changes or for the approval of matters reserved by the Council would be presented by the company to the shareholders board / committee on an annual basis, or more frequently if required This is confirmed within NewCo's detailed business plan (page8)

The Managing Director is appointed by the company, working with the Council, and is a member of the Board, additionally comprising;

- Two senior officers
- Four other non-executive directors

The composition of the board includes a mixture of appropriate skills and experience and with strong emphasis on individuals that have a personal connection with the borough. Board membership will be advertised, and interviews undertaken by the shareholders recruitment panel. Roles will be voluntary, and members will be paid reasonable expenses for attending meetings and conducting the business of the company.

The Chair will be elected by the Board with the managing director not having the ability to chair the board to ensure independence

Management and Control:

A detailed organisational structure is provided in the confidential appendices, the transfer of the existing Leisure and Cultural Services team will be invaluable in providing continuity of service through the transition period. The senior leadership team will have a significant responsibility to maintain the core service whilst implementing the ambitious transformation plans needed to underpin success. The cultural changes implicit in that transformation are not insignificant.

Whilst day to day control rests with the management team, the company are committed to transparency and a set of key performance measures have been agreed with the council.

The `Performance Framework` which has been informed by the Council`s requirements includes details of agreed Service Levels and a dispute resolution process. These processes are designed to build a highly collaborative relationship between the company and the Council which is set up to succeed. The monitoring regime will be "light touch" and will avoid unnecessary administrative cost and bureaucracy. It would:

- Focus on key SMART objectives
- Provide an ability to vary it to reflect the Councils needs
- Be used to secure continuous improvement
- Be light touch and will not distract either party from developing a positive relationship
- Help to facilitate effective democratic oversight

Staff Development

Investment on new facilities and improvements to current ones will be a priority for NewCo and annual surpluses will be prioritised on those areas. In the short term of course, it is the people that can make the greatest difference and our aim is to make sure that customers see a difference from day one – and this will be delivered by our staff.

The company`s mobilisation plan will see a significant focus and investment in its people. In total 66 staff will transfer from the council to NewCo, and this workforce continuity is important to deliver a seamless customer experience. Through pre-launch activity and after launch, the company is committed to the necessary investment in workforce development and training to build on the

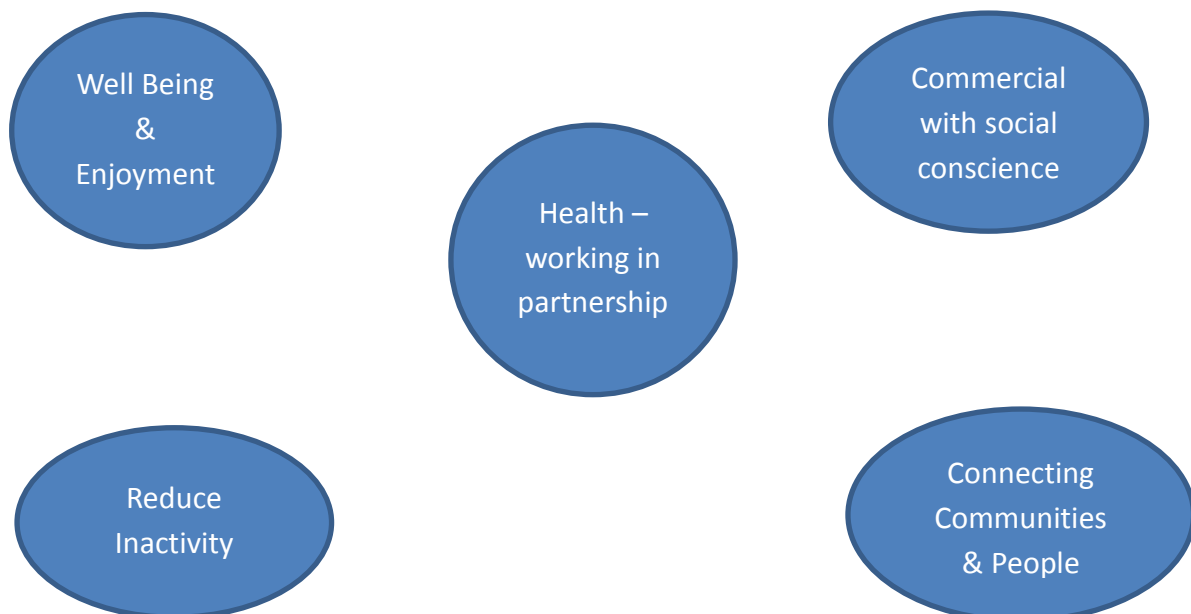
existing employee capabilities and develop the new skills and capabilities required for the company to succeed. New roles will be introduced to focus on member recruitment and retention; presenting opportunities for staff to grow and share success with the company.

The company will only succeed if the staff feel engaged, capable and confident to do their jobs and are supported by a leadership team that is capable and confident of delivering the cultural transformation and the journey towards a high-performance company focused on its customers

The cultural change associated to the transition to NewCo is something that will require investment, through a combination of targeted training and development sessions, consistent and coordinate communication and engagement, early adoption of new ways of working. All lead and inspired through a dynamic and motivated senior team that set the example and agenda.

4. Company Objectives

It is important to emphasise that NewCo does not operate in a strategic vacuum, its mission is to a large extent to support the ambitions and objectives of the council and must therefore reflect the councils own strategic objectives, specifically:



The company’s detailed business plan and initial five-year strategy sets out how the company will support those objectives, together with the transformation journey required to achieve the performance improvements and requisite savings. It is important to translate those aspirations into meaningful objectives and actions that staff can understand and deliver around.

Development of those key objectives and actions will be a key focus for the first few months after launch and will include key stakeholders, staff and customer views to ensure we get it right.

The company's objectives will need to be aligned to the councils own strategic objectives and would therefore include:

- Contribute positively to the Councils strategic purposes as identified in the Councils Corporate and Strategic Plans
- Create a regionally significant, exciting and unique Leisure and Cultural Services offer
- Promote excellence in Leisure, Health and well-being, Family Entertainment, Community Ownership and Tourism
- Create new opportunities for leisure and physical activity encouraging increased participation & attendances and enhanced social cohesion
- Sustain existing and facilitate additional work placements, apprenticeships and employment opportunities
- Integrate local community priorities into a regionally significant leisure and family entertainment facilities
- Integrate facilities and programmes leading to increased physical and mental health well-being of residents. The company will reflect the council's policies relating to sports and physical activity.
- Develop a facility of promoting excellence in energy efficiency and environmental sustainability
- Provision of market leading accessible and affordable services and activities

The business case is predicated on an initial saving of £480,000k, rising to a full year saving of £520,000 by year five. This equates to a transition over the initial 5 years from a current annual subsidy of c£1 million value in 2018/19¹ to a level of £576,000 in 2023/24. This significant reduction is key to the Councils delivery of its Medium Term Financial Plan (MTFP).

This ambitious objective is predicated on the successful delivery of a challenging transformation agenda which touches on every aspect of the company's activities. This transformation will begin immediately after launch and whilst significant effort will be focused around it to ensure we get it right we will need to prioritise what we do and when. The plan will extend well beyond the initial year of the company's life, indeed it will become part of what we aim to be - an organisation that strives to deliver continuous improvement through focusing on our customers and our performance.

5. Key Priorities

Improving Income

- Activities aimed at reducing the current rate of attrition, attracting new members and generating a higher spend per visit to venues will increase income across all the lines of business. We will need to invest in developing new roles such as sales and retention advisors and reaching out into the community with strong promotions to win new business.
- Engaging with residents and users to understand how demand for new activities/events can get more people, more active, more often
- Build a detailed audience development plan for our cultural attractions, making it easier to book and pay for events

¹ Full year equivalent

- Targeting new sources of income, increasing the average spend at all our facilities and improve occupancy rates across all sites
- Review and refreshing programmes on a regular basis to ensure they meet changes in user demands and the company's business objectives.

Exploring Future Investment in Facilities

- Delivering the proposed changes to the Palace Theatre to expand its capacity and potential.
- An improved booking system, branding and signage
- Paying greater attention to the quality of greens and fairways to improve the golf environment; improving the quality of the course and introducing new activities to attract more customers.
- Upgrading and adding to the current leisure offer at The Abbey Leisure Centre, expanding the current activities both inside and outside to create stronger "destination" leisure offers that people want to visit and enjoy.
- Invest in the facilities, upgrading as appropriate and paying attention to repairs and renewals.
- Customer expectations around what a good leisure facility looks and feels like have changed and we need to ensure we meet and exceed the very high standards now expected. Customers always have a choice around where to spend their money.

Improving the Operating Model

- By identifying ways to operate more effectively or efficiently the company can reduce cost and improve the customer experience. Investment in appropriate electronic point of sale systems (EPOS) and smooth on line booking infrastructures will make it easy for customers to be more active, more often
- Development of a clear set of performance measures allow managers to identify both under and overperformance in a timely manner. Providing an opportunity to learn and improve.
- The opportunity presented to NewCo to source services and resources directly means it can enter the market with a commercial focus and secure the best value arrangements.
- Through a more targeted approach to procurement, identifying the very best contracts that are specific to the companies needs and not being part of a wider council procurement exercise.
- Managing those contracts in a deliberate and focused way to hold suppliers to account and ensure value for money and quality of delivery
- Being relentless on the control of costs, and delivering effectively and efficiently

Improving the customer experience

- As discussed previously our people are the key differentiator in a competitive market place. We can develop the best environments but it's still the people that make it successful. We recognise that our people can do a lot to make existing facilities feel even more welcoming and accessible.
- Proactively seek customer feedback, through surveys and customer relationship management systems (CRM); and using that insight to develop new services and sales strategies.
- Build a range of offers that attract and retain the full range of customer groups, including those that are currently under represented.

Engaging with the community

- Become an essential part of the community eco system, helping to develop capacity and confidence within the voluntary sector
- Work with user groups and clubs to ensure that our facilities offer a diverse range of high quality activities that are delivered safely

- Work with health commissioners/boards to deliver community health interventions
- Offering free or reduced-price access to facilities at off peak times for local not for profit organisations and their members
- Make available, spaces for adult social care users and opportunities for learning
- Work with local people around each community centre to engender true “ownership” – offering venues for important community celebrations and events
- Being commercial within a compassionate culture

Organisational development

- Build an appropriate training and development framework to build organisational capacity and capability, recognising that our people are our most valuable assets (from board level to front line staff).
- Establish and apply a new brand identity with brand values aligned to the key strategic aims of the company that are shared by the Council
- Continue the investment in the national apprenticeship and work placement schemes
- Cultural change/ service reviews will be used to underpin the above service improvements and to ensure resources are focused on key areas where improvement is required to deliver the objectives of the Council when setting up the NewCo.

6. Key Challenges:

The launch of any new business venture is challenging and it’s important that in the early phases of the company’s development these challenges are understood and plans in place to successfully overcome them and the following key challenges have been identified

- a) Finding the balance between the need to operate in a more commercial way whilst continuing to reflect the public-sector ethos and the social return on investment implicit in the Councils objectives
- b) Building new and different relationships with colleagues, partners and contractors. Our ethos needs to be centred on a much more dynamic , focused approach to delivery or outcomes building on the cultural change that will need to be visible across the company
- c) Managing public perception around the new management model, which may result in people feeling that the operation has been “privatised”. An effective communications and marketing strategy that is well executed and resourced will be a key to success
- d) Customers must identify the NewCo brand with value for money and high-quality service. The messages associated with the brand must create a unique identity, recognised across multiple platforms.
- e) The magnitude of the transformation journey cannot be under estimated and will require strong and focused leadership - and adequate resources. In the formative years the company will need to balance its commitment to compliance with a strong performance regime with its capacity to manage the recording and reporting requirements.

- f) The company needs a pace of change which is “closer to revolution than evolution’, for example a key target is the extension of users across the services to generate additional revenue. Without that income NewCo will find it difficult to deliver on its financial targets.
- g) Managing stakeholder expectations will be essential as there will be temptation to focus on relatively insignificant problems which are inevitable, rather than focusing on continuous improvement and the customer journey.
- h) Delivering shareholder value in a new culture which is based on business planning rather than budget setting – that requires a degree of managed risk taking and investment in the early stages of NewCo`s existence to achieve the social and economic return on investment

To mitigate key service continuity risks NewCo will continue to benefit from uninterrupted access to key supports services from the Council. These include ICT, Facilities Management and Procurement.

The transition will not succeed without an effective mobilisation plan, under pinned by a partnership approach and a culture of trust and transparency. Whilst much of that plan will rightly focus on the practical steps required to achieve readiness for transfer, with the company will need to implement an ambitious sales and marketing campaign from day one - to secure new members and maximise income from all areas. The first month of operation (December) is typically a key month for new gym membership campaigns and NewCo will need to have prepared for a new year promotional campaign.

7. Initial Milestones

Our journey will be both challenging and hugely rewarding, for our staff, our stakeholders and of course the community. To track our progress, we have developed a series of key milestones that will work through. It`s important we keep momentum behind the many actions that underpin each of these. I am confident the team will rise to that challenge.

- Establishment of the company and final approval of the Business Plan and Proposal by the Council
- Planning for transfer
- Transfer
- Achieving service continuity
- Preparing for change
- Delivering against business plan
- Delivering continuous improvement

Pre-Launch

July to September

- Drafting of detailed and summary Proposal and the first of the annual Business Plans
- Council approval to proceed
- Develop detailed mobilisation plans
- Early engagement with staff and stakeholders
- Agree the priority Capital Investment Projects

October to December

Implement Mobilisation Plan, Including:

- Recruitment of MD and Board of non-executive directors
- Onboarding of MD and Board of non-executive directors
- Incorporation of company
- Development and launch of new company name / brand identity
- Implementation of customer communication strategy
- Launch of marketing and sales strategy
- Agree Service Level Agreements with provider organisations
- Develop Priority Capital Investment Projects
- Prepare for initial sales campaigns, recruit/train staff
- Agree initial operational targets (income/membership growth/Footfall)

1st December 2018

Company Launch

December (18) to March (19)

- Execution of initial marketing and sales activities
- Implementation of `quick win` improvement opportunities
- Development of audience development plan
- Complete initial management accounts and performance dashboard
- Communicate broadly with staff and stakeholders- celebrate and build on success
- Agreement on core objectives and detailed actions to underpin delivery-including stakeholder engagement activity

April 19 Onwards

- Carry out an organisational review to make NewCo `fit for the future` so it can compete effectively-engaging with staff to build a `package` that attracts, retains and motivates staff
- Implementation of Phase One of the ambitious Investment Program
- Launch our new brand in the market
- Carry out a review of the leisure services catering operations to ensure we have value for money for customer and NewCo
- Targeted action plans to drive performance levels to industry top quartile over medium term
- Market Testing to source `best value` Support Services

8. Financial Overview:

The company's initial business plan includes detailed projections for operating costs and revenue, which demonstrate how it will achieve the level of savings upon which the Business Case is predicated. The detailed financial information is contained within the confidential business plan but reflects the delivery of the initial savings projections as reported to members of £480k.

The new Company will operate with a strong commercial focus to increase the income generated from its activities. Income growth will be achieved through a combination of

- Improved occupancy – all venues
- Increased attendance / admissions
- Increased secondary spends
- New income streams
- Targeted use of concessionary pricing
- More effective sales and marketing
- Reduced attrition (memberships)
- Increased membership sales
- Exploring additional services and commissioning opportunities
- Prudent investment in new facilities and features

A more detailed financial summary is included within the confidential appendices

9. Performance Management Framework

New Co and the council have agreed an overarching performance framework through which performance can be measured, reported and escalated, if necessary. The parties are developing the more granular elements of that as part of the collaborative work taking place. It is important that this framework is developed in the context of the relationship between the council and NewCo. One where both parties have an interest in the success of NewCo, where a transparency exists, where the model is predicated on Trust and where ultimately both parties are tied together through financial dependency. Essentially both parties seek to adopt a 'light touch' framework which avoids the need for bureaucratic and costly support roles on both sides. That said the council will retain adequate oversight and control to ensure agreed objectives are met and the company operates within the spirit of the agreements reached.

The framework itself comprises:

1. Service Specification- Underpinning the management contract is a detailed specification of the service being delivered, what the council requires NewCo to do.
2. Service Level Agreements - which detail the expected level of performance for support services provided by the council for NewCo, including agreed response times and escalation periods
3. Performance Dashboard: Summary key performance measures and agreed reporting frequencies
4. Dispute Resolution Process; to manage service shortfalls and other performance issues