

## SBC Leisure Options



### In-House vs Outsourced Operating Model

Operational Delivery Model	Advantages	Disadvantages	Impact on Swale
<b>In-House</b>	<ul style="list-style-type: none"> <li>• Direct control by the Local Authority</li> <li>• VAT exempt on sports services</li> <li>• Recovery of VAT</li> <li>• Flexibility in programming, pricing etc</li> </ul>	<ul style="list-style-type: none"> <li>• Higher operational costs due to higher Local Authority salaries and staff terms and conditions</li> <li>• Does not benefit from NNDR savings</li> <li>• Less commercial than other models</li> <li>• All risk sits with the Local Authority – income, expenditure, lifecycle maintenance, pensions etc</li> <li>• Requirement for central services with the Local Authority</li> <li>• No apportioning cost of overheads</li> </ul>	<ul style="list-style-type: none"> <li>• <b>All control but at a higher cost</b></li> <li>• <b>Least cost effective for SBC</b></li> <li>• <b>All risk sits with SBC</b></li> <li>• <b>All income generation sits with Local Authority</b></li> <li>• <b>TUPE costs would be considerable</b></li> </ul>
<b>Outsourced</b>	<ul style="list-style-type: none"> <li>• Retains NNDR savings</li> <li>• Lower staff costs</li> <li>• More commercial approach</li> <li>• Overheads apportioned across multiple contracts</li> <li>• Risk transferred to the operator (facility dependant)</li> <li>• Comes with operation</li> <li>• May receive a management fee</li> <li>• Opportunity for the Operator to invest capital in the facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced flexibility in programming and pricing compared to in-house (unless specification dictates this)</li> <li>• Local Authority must develop an appropriate specification which balances commerciality with strategic outcomes</li> <li>• May require a management fee to the operator</li> <li>• Older facilities require lifecycle risk or may be the responsibility of the Local Authority</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Requires robust procurement process</b></li> <li>• <b>Most cost-effective option for SBC in the long-term (alongside Agency model)</b></li> <li>• <b>May require a management fee payment to the operator</b></li> <li>• <b>Control is maintained through a detailed specification</b></li> <li>• <b>Less risk than in-house</b></li> </ul>