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21 July 2023

To: All Members of the Overview and Scrutiny Committee

Dear Member,

Overview and Scrutiny Committee - Monday, 24th July, 2023

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

9. LEISURE UPDATE (PAGES 1 - 6)

To receive an update on leisure.

Yours sincerely

Ayshe Simsek
Democratic Services and Scrutiny Manager
0208 489 2929

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Report for: Overview & Scrutiny Committee – 24th July 2023

Title: Leisure Service Review

Report authorised by Barry Francis, Director of Environment and Resident Experience

Lead Officer: Mark Stevens, Assistant Director Direct Services

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision:** N/A

1 Overview

- 1.1 This report provides background information to the decision to reconsider the provision of leisure services in Haringey, part-way through the existing 20-year contract with Fusion Lifestyle and following the successful insourcing of New River Sport and Fitness in August 2021.

2 Background context

- 2.1 Fusion Lifestyle won the contract to operate the leisure centres (Tottenham Green Pools and Fitness, Park Road Pools and Fitness and Broadwater Farm Community Centre) in 2012 and commenced running them from 1st December that year.
- 2.2 The contract is set to expire on 30th November 2032. There are no break clauses, but the contract allows the Council to give Fusion one year's notice or negotiate a mutually agreed end of contract to a lesser timeframe.
- 2.3 Between December 2012 and July 2014, New River Sport and Fitness was managed as part of the wider leisure management contract. In July 2014, the centre was taken out of the leisure management contract and the site transferred to Fusion under a commercial lease arrangement.
- 2.4 Part of the leisure management contract included Fusion making a £14.7m investment into the leisure centres to provide an enhanced leisure service offer. The Council, from its own receipts, provided the funding to Fusion on the basis that Fusion would pay back the capital sum with interest (6.3%) over the 20-years contract term.
- 2.5 Payments from Fusion to the Council equate to circa £1.3m per annum. However, due to the impact of Covid-19, the ability to generate income at the leisure centres was significantly impacted. This resulted in a temporary pause in payments for 2020/21 onwards, in tandem with a temporary suspension in payment of the circa £0.4m contract management fee to Fusion by the Council.

Post-Covid-19, both parties considered what the revised repayment schedule over the remaining contract period might look like. Like all leisure service providers across the country, Fusion's financial position was adversely impacted by effect of and slow, socially distanced recovery from Covid-19, addressed further below.

- 2.6 Initially, when Fusion began the contract, its performance was very acceptable. Indeed, with the centre investments, operational improvements and good marketing, Fusion increased participation from c600k per annum visits in 2012 to 1.1m per annum visits in 2019.
- 2.7 Officers and customers began noticing a deterioration in the leisure service provision from around 2018. This coincided with the public leisure market being disrupted by the arrival of budget gyms. Income targets came under extreme pressure to which Fusion responded predominantly by cost cutting.
- 2.8 What became clear in November 2019 was that this approach created pressures on staff, contractors and crucial plant equipment that effectively culminated in a very serious incident at Tottenham Green on 22nd November 2019. Investigations concluded that a small amount of chlorine gas had been released into the pool hall. Three members of the public and one staff member were taken to hospital for observation.
- 2.9 The Covid-19 lockdown commenced in March 2020. Decisions were made to support Fusion through the pandemic and all its disruptions, despite the previous performance issues and the seriousness of the November 2019 incident. This support did not extend to any significant financial support. However, the Council was proactive in ensuring that Fusion was able to draw in loans and grants.
- 2.10 For example, to ensure Fusion could draw in the CBILS loan of £13m (without having to use New River as collateral), Fusion relinquished its lease at New River and the Council took that facility back in-house in August 2021.
- 2.11 Covid-19 financial recovery at the centres was dependent on returning membership. In financial terms, this was very good at Park Road but poor at Tottenham Green. This reflects a national trend, with Sport England reporting that centres in areas of deprivation (with correspondingly poor physical activity rates) have not recovered as well as those centres in better off areas. Nonetheless, officers became increasingly concerned at Fusion's lack of proactively trying to turn this around at Tottenham Green. The overall annual usage is currently around 600k – a reduced level compared with 2019, due to Tottenham Green's poor Covid-19 recovery.
- 2.12 Furthermore, it became increasingly apparent that Fusion was not carrying out essential maintenance. This led to service disruptions and customer inconvenience and frustration.

- 2.13 Numerous options appraisals have been conducted since 2020, in part linked to a reconsideration of the leisure service provision prompted by the New River Sport and Fitness insourcing. The key conclusions of those appraisals are that the financial deal with Fusion is a good for the Council and such a deal cannot be replicated in the current market - significantly less risk adverse than previously.

3 Leisure centre closures

- 3.1 On 31st December 2022, water entering the Tottenham Green plant room caused a catastrophic failure of the electrical system. With the source of the incoming water unclear, UK Power Networks was not prepared to put the power back on. Without power, Tottenham Green could not re-open. Marcus Garvey library, the customer service centre and the on-site nursery/creche – as well as the leisure facilities – were all unavailable. Library users were offered St Ann’s library as an alternative, leisure centre users directed to use Park Road or New River, the customer service centre operated remotely and nursery/ creche users sought alternative arrangements until the centre could re-open.
- 3.2 Whilst attempts were made to identify the source of the incoming water, Council officers and Fusion representatives worked together to consider how best to bring the centre back into operation in a staged manner as the centre operates from both low voltage and high voltage electrical systems. Restoring the high voltage power system was particularly difficult to achieve as much of the system situated on the ground of the plant room – as opposed to a similar system being sited on plinths at the Park Road facility.
- 3.3 However, during the period of these deliberations, problems emerged with the automated dosing system at Park Road. These problems were countered by Fusion personnel hand-dosing the pool water with chemicals. As Council officers considered that continued hand-dosing was inappropriate for more than a few days and carried too high a health and safety risk, the Park Road facility was also closed. Once replacement automated dosing system components arrived, these were fitted and tested, culminating in Park Road re-opening on 8th February 2023.
- 3.4 Shortly after this, electrical specialists were engaged to establish a temporary, wall-mounted low voltage electrical system at Tottenham Green. Design and installation work progressed whilst mobile pumps were engaged on a daily basis to draw down the level of the water that continued to enter the plant room. Thames Water asserted that it was not responsible for the incoming water whilst water testing confirmed that it was not coming from the pools.
- 3.5 Once the temporary low voltage system was in place at Tottenham Green and the humidity in the plant room at a safe level, UK Power Networks restored the power. This allowed the testing of key systems (such as the fire alarm, emergency lighting, air conditioning, and, where necessary, replacement of failed components) and for Fusion to undertake deep, hygienic cleans and redecoration.

- 3.6 Tottenham Green leisure centre, Marcus Garvey library, the customer service centre and the nursery/creche were all publicly accessible again on Monday 17th April 2023.
- 3.7 With the low voltage electrical system fully restored – and lighting in the plant room functional again - investigations into the possible source of the incoming water began. As historic records of internal and external foul and freshwater systems and drains were absent, these began to be mapped out, aided by CCTV surveys, visual inspections and further water testing. This led to the replacement of internal pumps and clearance of external blockages so that all leisure centre wastewater properly discharges to foul and surface water sewers.
- 3.8 The existing high voltage electrical system is considered as not being fit-for-purpose as it should not be sited on the ground. Council officers and Fusion representatives have worked together to ensure this system is re-designed. Fusion has led the work on the procurement of the replacement high voltage system. Tenders were returned on Friday 7th July 2023 and a tender assessment report is due to be submitted to Council officers on 31st July 2023. Award of this contract will enable work to commence on the replacement system, followed by testing of all equipment reliant on the high voltage electrics.
- 3.9 The tender assessment report will indicate the potential timescales for the high voltage system replacement work – including the time required for mobilising the successful contractor. As was the case with the low voltage system restoration, there will be a period of testing of all the high voltage-reliant systems after the replacement work – and that will reveal which components may need refurbishment or replacement if, for example, they have completely seized since the original flooding event on 31st December 2022 and cannot be brought back into operation.
- 3.10 A date for the re-opening of the pools therefore cannot be given at present. However, the progression of the replacement of the high voltage system by specialist electrical contractors at the earliest opportunity is important for residents in the east of the borough. The re-opening of the pools at Tottenham Green will bring immediate benefit to schoolchildren that have yet to learn to swim, to those who had only just begun to acquire those skills and restore access to those whose swimming potential can be more fully realised at a local level, be they members of the likes of Haringey Aquatics or otherwise.

4 Leisure service review

- 4.1 One of the actions under the ‘Healthy and Fulfilling Lives’ high-level outcome in the Corporate Delivery Plan reported to Cabinet on 17th January 2023 was for “greater use of leisure centres and parks, by a wider section of the community, to help everyone pursue and maintain a healthy lifestyle”.

- 4.2 With a need to establish a new Physical Activity and Sports Strategy, tackle issues such as childhood obesity and a lack of swimming provision across the borough, a more holistic approach needs to be taken than considering the provision of leisure services alone.
- 4.3 A more rounded approach would be to look at health, wellbeing, and leisure in the round. The current lack of access to the pools at Tottenham Green serves as a prompt to therefore review the leisure service contract and more fully consider whether it meets current needs, rather than those that were relevant in 2012.

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