

28 December 2023

To: All Members of the Overview and Scrutiny Committee

Dear Member,

Overview and Scrutiny Committee - Wednesday, 3rd January, 2024

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:

CALL IN LEISURE MANAGEMENT CABINET DECISION

- A. Report of the Monitoring Officer and Section 151 Officer on the Call In
- B. Cabinet report on Leisure Management
- C. Cabinet Minutes on Leisure Management decision
- D. Copy of the Call In
- E. Report of the Director for Environment and Resident Experience responding to the Call in

To support the Committee in their decision-making on the Call in - there will be a further motion, as allowed under CSO 14 (o), to exclude the press and public. This will be after consideration of Item E, to allow the Overview and Scrutiny Committee to consider exempt information that the Cabinet had access to in their decision-making on Leisure Management.

This information is exempt as defined under paragraph 3, Information relating to the financial or business affairs of any particular person (including the authority holding that information), under Part 1, Schedule 12A of the Local Government Act 1972.

Yours sincerely

Ayshe Simsek Democratic services and Scrutiny Manager  
0208 489 2929

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**Report for:** Special Overview and Scrutiny Committee  
3<sup>rd</sup> January 2024

**Title:** **Joint report of the Monitoring Officer and the Chief Finance Officer on the Call-In of a Decision taken by the Cabinet on 5<sup>th</sup> December 2023 to approve the insourcing of leisure services**

**Report authorised by:** Fiona Alderman, Monitoring Officer and Jon Warlow, Chief Finance Officer & Section 151 Officer

**Lead Officer:** Haydee Nunes de Souza, Deputy Monitoring Officer

**Ward(s) affected:** N/A

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

**1. Describe the issue under consideration**

To advise the Overview and Scrutiny Committee on the call-in process, and in particular whether the decision taken by Cabinet on 5<sup>th</sup> December 2023 relating to the insourcing of leisure services, is within the budget and policy framework.

**2. Cabinet Member Introduction**

N/A

**3. Recommendations**

That Members note:

- a. The Call-In process;
- b. The advice of the Monitoring Officer and Chief Financial Officer that the decision taken by the Cabinet was inside the Council's budget and policy framework.

**4. Reasons for decision**

When considering what action to take in relation to the called-in decision, the Overview and Scrutiny Committee, having considered the advice from the Monitoring Officer and the Chief Finance Officer, is expected to make its own determination as to whether the called-in decision is within the budget and policy framework.

**5. Alternative options considered**

N/A

**6. Background information**

## Call-in Procedure Rules

- 6.1** The Call-In Procedure Rules (the Rules) appear at Part 4, Section H of the Constitution, and are reproduced at Appendix 1 to this report.
- 6.2.** The Rules prescribe that once a validated call-in request has been notified to the Chair of Overview and Scrutiny Committee (OSC), the Committee must meet within 10 working days to decide what action to take. In the meantime, all action to implement the original decision is suspended.
- 6.3** If OSC Members determine that the original decision was within the budget and policy framework, the Committee has three options:
- (i) to not take any further action, in which case the original decision is implemented immediately.
  - (ii) to refer the original decision back to Cabinet as the original decision-maker. If this option is followed, the Cabinet must reconsider their decision in the light of the views expressed by OSC within the next 5 working days, and take a final decision.
  - (iii) to refer the original decision on to Full Council. If this option is followed, Full Council must meet within the next 10 working days to consider the call-in. Full Council can then decide to either:
    - take no further action and allow the decision to be implemented immediately, or
    - to refer the decision back to the Cabinet for reconsideration. The Cabinet's decision is final
- 6.4** If OSC determine that the original decision was outside the budget and policy framework, it must refer the matter back to the Cabinet with a request to reconsider it on the grounds that it is incompatible with the budget and policy framework.
- 6.5** In that event, the Cabinet would have two options:
- (i) to amend the decision in line with OSC's determination, in which case the amended decision is implemented immediately.
  - (ii) to re-affirm the original decision, in which case the matter is referred to a meeting of full Council within the next 10 working days. Full Council would have two options:
    - to amend the budget and policy framework to accommodate the called-in decision, in which case the decision is implemented immediately, or
    - to require the decision-maker to reconsider the decision again and to refer it to a meeting of the Cabinet, to be held within five working days. The Cabinet's decision is final.

## The Budget and Policy Framework

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- 6.6 The Policy Framework is defined in the Constitution at Article 4(a) of Part Two (Articles of the Constitution) which is reproduced as follows:

***“Policy Framework***

*These are the plans and strategies that must be reserved to the full Council for approval:*

- *Annual Library Plan*
- *Best Value Performance Plan*
- *Crime and Disorder Reduction (community safety) Strategy*
- *Development Plan documents*
- *Youth Justice Plan*
- *Statement of Gambling Policy*
- *Statement of Licensing Policy*
- *Treasury Management Strategy*

*Any other policies the law requires must be approved by full Council.*

*Such other plans and strategies that the Council agrees from time to time that it should consider as part of its Policy Framework:*

- *Housing Strategy”*

- 6.7 The Budget is defined in the Constitution at Article 4(b) as follows:

*(b) Budget. The budget includes the allocation of financial resources to different services and projects, proposed contingency funds, setting the council tax and decisions relating to the control of the Council's borrowing requirements, the control of its capital expenditure and the setting of virement limits. The determination of the Council Tax Base is delegated to the Chief Finance Officer in consultation with the Cabinet Member for Finance and the Cabinet Advisory Board.*

- 6.8 The budget and policy framework is intended to provide the general context, as set by Full Council, within which decision-making occurs. The general premise is that executive decisions must be within the scope of the budget or policy framework and should not be wholly inconsistent with it. It is not expected that every executive decision taken should satisfy every individual aspect of the framework, but they should not be outside the framework.
- 6.9 In an Executive model of local government, the majority of decisions are taken by the Executive – in Haringey’s case this being the Cabinet/Leader/Cabinet member. Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 the determination of a matter in the discharge of an Executive function nonetheless becomes a matter for the full Council if the proposed determination would be contrary to a plan or strategy adopted or approved by Full Council in relation to the function in question. Case law makes it clear that it would not be a proper use of a full Council approved plan or strategy, to seek to make it a means for Full Council to micro-manage what ought to be Executive decisions.

## **7. Current Call-In**

- 7.1** On the 14<sup>th</sup> December 2023, a call-in request was received in relation to the Cabinet decision taken on 5<sup>th</sup> December 2023 to insource leisure services. A copy of the Cabinet report dated 5<sup>th</sup> December 2023, the published draft minutes and the call-in request all form part of the published Agenda pack distributed to Members of the OSC, and so are not reproduced again here as appendices to this report.
- 7.2** In summary, the call-in claims that the decision to insource leisure services has been taken without Cabinet being provided with sufficient information to make an informed decision because: a) the decision was taken without evidence that insourcing provides best value for money; b) there was no effort to quantify the costs and benefits of different options c) Cabinet was not provided with information about the comparative costs of a new leisure management contract in the immediate term, despite several providers displaying interest; d) no attempt was made to interrogate the ongoing costs of running leisure services in house or under a new contract; e) the external advice in respect of financial modelling was not included with the report, even as an exempt paper; f) there was no consideration of a joint contract with another authority or consideration about the impact on current members of external providers and: g) residents were not consulted as to who should run the service.
- 7.3** A deputation from Park Road Lido User Group attended Cabinet on the 5<sup>th</sup> December 2023 and highlighted concerns about insourcing of the Service.
- 7.4** The call-in went on to detail an alternative course of action, namely:
- The council should publish a cost/benefit analysis between the 5 options presented in the Cabinet paper including a financial risk assessment spanning five years which would present best and worst case scenarios for each option, perform a robustly and independently graded scoring system between the five options in the Cabinet paper and consult key stakeholders and residents before taking a final decision on which option to take.

## **8. Monitoring Officer's Assessment**

- 8.1** The Monitoring Officer having conferred with the Chief Finance/Section 151 Officer is of the view that the insourcing of leisure services is within the budget and policy framework.
- 8.2** The Monitoring Officer does not consider that the decision is contrary to any of the plans or strategies forming the policy framework. None of these are concerned with the provision of leisure services in general terms, far less specifically in relation to matters such as insourcing.
- 8.3** The Monitoring Officer considered the request on 15<sup>th</sup> December 2023, and determined that it met the 6 criteria for validity as set out in the Call-In Procedure Rules.

**9. The Chief Finance Officer's Response**

- 9.1 It is the view of the Chief Finance Officer that the decision is within the Budget on the basis that the recommendations within the report are in line with the Council's Budget and Policy Framework Procedures Rules set out in Part 4 Section E of the Council's Constitution.
- 9.2 The Cabinet's decision to insource Leisure Services on 5<sup>th</sup> December 2023 does not commit the Council to revenue or capital expenditure in future years. Rather, its resolution expressly provides that the revenue budget and capital programme implications of the decision be included in the "draft Medium Term Financial Strategy for 2024/25". The Final version of the 2024/25 budget and the Medium-Term Financial Strategy for 2024/29 will be presented for approval to Full Council on 4 March 2024.
- 9.3 Further, any mobilisation costs incurred within the current financial year, as a result of the decision, will be met through existing resources within the approved budget for 2023/24.
- 9.4. For these reasons, it is the view of the Chief Finance Officer that Cabinet's decision was not contrary to, or not wholly in accordance with the Budget.

**10. Conclusion**

- 10.1 For the above reasons, the Monitoring Officer and the Chief Finance Officer concludes that the Cabinet's decision was not outside of the budget and policy framework.

**11. Contribution to strategic outcomes**

N/A

**12. Statutory Officers comments (Chief Finance Officer (including procurement), Head of Legal & Governance (Monitoring Officer), Equalities)**

**Finance and Procurement**

The Chief Finance Officer's comments are set out above.

**Legal implications**

The Monitoring Officer's views are set out above.

**Equality**

N/A

**13. Use of Appendices**

Appendix 1 Call-In Procedure Rules

14. Local Government (Access to Information) Act 1985

N/A



## Part Four, Section H

# Call-In Procedure Rules

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1. When a key decision is made by the Executive (that is, the Leader, Individual Cabinet Members or the Cabinet) or a committee of the Cabinet, the decision shall be published and shall be available for inspection at the Civic Centre and on the Council's website, normally within 2 working days of being made. The right to Call-In does not apply to a decision by way of an appeal hearing or a quasi-judicial procedure.
2. The notice of the key decision will be dated and will specify that the decision will come into force, and may then be implemented, on the expiry of 5 working days after the publication of the decision, unless a valid request has been received objecting to the decision and asking for it to be called-in. This does not apply to "urgent" decisions.
3. The Monitoring Officer will deem valid a request that fulfils all of the following 6 criteria:
  - (a) it is submitted by any five Members of the Council.
  - (b) it is received by the Democratic Services Manager by 10am on the fifth day following publication.
  - (c) it specifies the decision to which it objects.
  - (d) it specifies whether the decision is claimed to be outside the policy or budget framework.
  - (e) it gives reasons for the call-in and outlines an alternative course of action.
  - (f) it is not made in relation to a decision taken in accordance with the urgency procedures in paragraph 18 below.
4. The Democratic Services Manager will forward all timely and proper call-in requests, once deemed valid by the Monitoring Officer, to the Chair of the Overview and Scrutiny Committee and the Overview and Scrutiny Manager and will notify all Cabinet Members including the decision maker and the relevant Chief Officer.
5. A key decision will be implemented immediately after a call-in request is deemed invalid by the Monitoring Officer or after the expiry of ten working days following the receipt of a valid call-in request by the Chair of the Overview and Scrutiny Committee, unless a meeting of the

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Overview and Scrutiny Committee takes place during the 10-day period.

6. If a call-in request is deemed valid, the Democratic Services Manager will forward the call-in request to the Monitoring Officer and/or Chief Financial Officer for a report to be prepared for the Overview and Scrutiny Committee advising whether the decision does fall inside or outside the policy or budget framework.
7. Unless a key decision is designated "urgent" pursuant to paragraph 18, when it shall be implemented immediately, no action shall be taken to implement the decision until 5 working days have elapsed after the date of the publication of the decision. In the event that a call-in request has been received, no action shall be taken until the Monitoring Officer has determined the validity of the request.
8. Subject to paragraph 5, when a request for call-in is deemed valid, all action to implement the key decision is suspended until the Overview and Scrutiny Committee has met to decide what action to take. The Committee must meet no later than 10 working days after the Chair has received a valid call-in request.
9. Discussion of any called-in decisions shall precede all other substantive items on the agenda of the Overview and Scrutiny Committee. Any reports of the Monitoring Officer and Chief Financial Officer shall be part of that agenda.
10. The Committee shall consider any report of the Monitoring Officer / Chief Finance Officer as to whether a called-in decision is inside or outside the policy / budget framework. The Overview and Scrutiny Committee shall have regard to that report and any advice but Members shall determine whether the decision is inside or outside the policy / budget framework. If the Overview and Scrutiny Committee determine that the decision was within the policy / budget framework, the Committee has three options:
  - (a) The Overview and Scrutiny Committee may decide not to take any further action, in which case the key decision is implemented immediately.
  - (b) The Overview and Scrutiny Committee may decide to refer the decision back to the decision maker, in which case the decision maker has 5 working days to reconsider the key decision before taking a final decision.
  - (c) The Overview and Scrutiny Committee may decide to refer the decision to Full Council.
11. When the Overview and Scrutiny Committee refers a decision to Council (when the decision is deemed to fall within the policy / budget

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framework), any Council meeting must be held within 10 working days (with an extraordinary meeting being called if necessary) of the date of the Overview and Scrutiny Committee's referral.

12. When considering a called-in decision (when this decision is deemed to fall within the policy / budget framework) the Council has two options:
  - (a) The Council may decide not to take any further action, in which case the decision is implemented immediately.
  - (b) The Council may refer the decision back to the decision maker, in which case the decision maker has 5 working days to reconsider the decision before taking a final decision.
13. Once a final decision has been made there is no further right of call-in. This decision or any other key decision having the same effect may not be called-in again for a period of six months following the date at which the final decision was taken.
14. If the Overview and Scrutiny Committee determines that the decision is outside the policy / budget framework, the Committee shall refer the decision to the decision maker and with a request to reconsider it on the grounds that it is incompatible with the policy / budget framework. The decision maker shall have 5 working days in which to reconsider the decision.
15. The decision maker has two options:
  - (a) Amend the decision in line with the Overview and Scrutiny Committee's determination, in which case the decision is implemented immediately.
  - (b) Reaffirm the original decision, in which case the decision goes to a Council meeting which must convene within 10 working days of the reaffirmation of the original decision.
16. When considering a called-in decision where a decision maker fails to amend a decision in line with the Overview and Scrutiny Committee's determination, that it falls outside the policy / budget framework, the Council has two options:
  - (a) Amend the policy / budget framework to accommodate the called-in decision, in which case the decision is implemented immediately.
  - (b) Require the decision maker to reconsider the decision again and refer it to a meeting of the Cabinet to be held within 5 working days of the Council meeting. The Cabinet's decision is final.

**17. Abuse of Call-in**

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- (a) Members are expected to ensure that call-in is not abused, or causes unreasonable delay to the functioning of the Cabinet.
- (b) The call-in procedure is to be reviewed annually (see paragraph 18 g), if such a review leads to the conclusion that the call-in procedure is being abused, the Constitution may be amended to include greater limitations.

**18. Call-In and Urgency**

- (a) The call-in procedure set out above shall not apply when the action being taken is urgent or time-critical in terms of (b) below.
- (b) A key decision will be urgent if any delay in implementation likely to be caused by the call-in procedure would seriously prejudice the Council's or the public's interests.
- (c) A key decision which has not been given the requisite publicity for a key decision or a private meeting and which the Chair of Overview and Scrutiny Committee has agreed is 'urgent and cannot reasonably be deferred' is not regarded as urgent for the purposes of call-in unless it fulfils the criteria of paragraph (b) above.
- (d) If a key decision is urgent and therefore not subject to call-in, this will be stated on the record.
- (e) In order for a key decision to be deemed urgent, the Chair of the Overview and Scrutiny Committee must agree that the decision is both reasonable in all circumstances and that it should be treated as a matter of urgency. In the absence or unavailability of the Chair the consent of the Mayor is required. In the absence of both, the consent of the Deputy Mayor shall be required.
- (f) Decisions taken as a matter of urgency must be reported to the next available meeting of the Council, together with the reasons for urgency.
- (g) The operation of the provisions relating to call-in and urgency shall be monitored annually and a report submitted to Council with proposals for review if necessary.

**19. Call-In and the Forward Plan**

- (a) The Overview and Scrutiny Committee should consider the Forward Plan as its chief source of information regarding forthcoming Cabinet decisions.

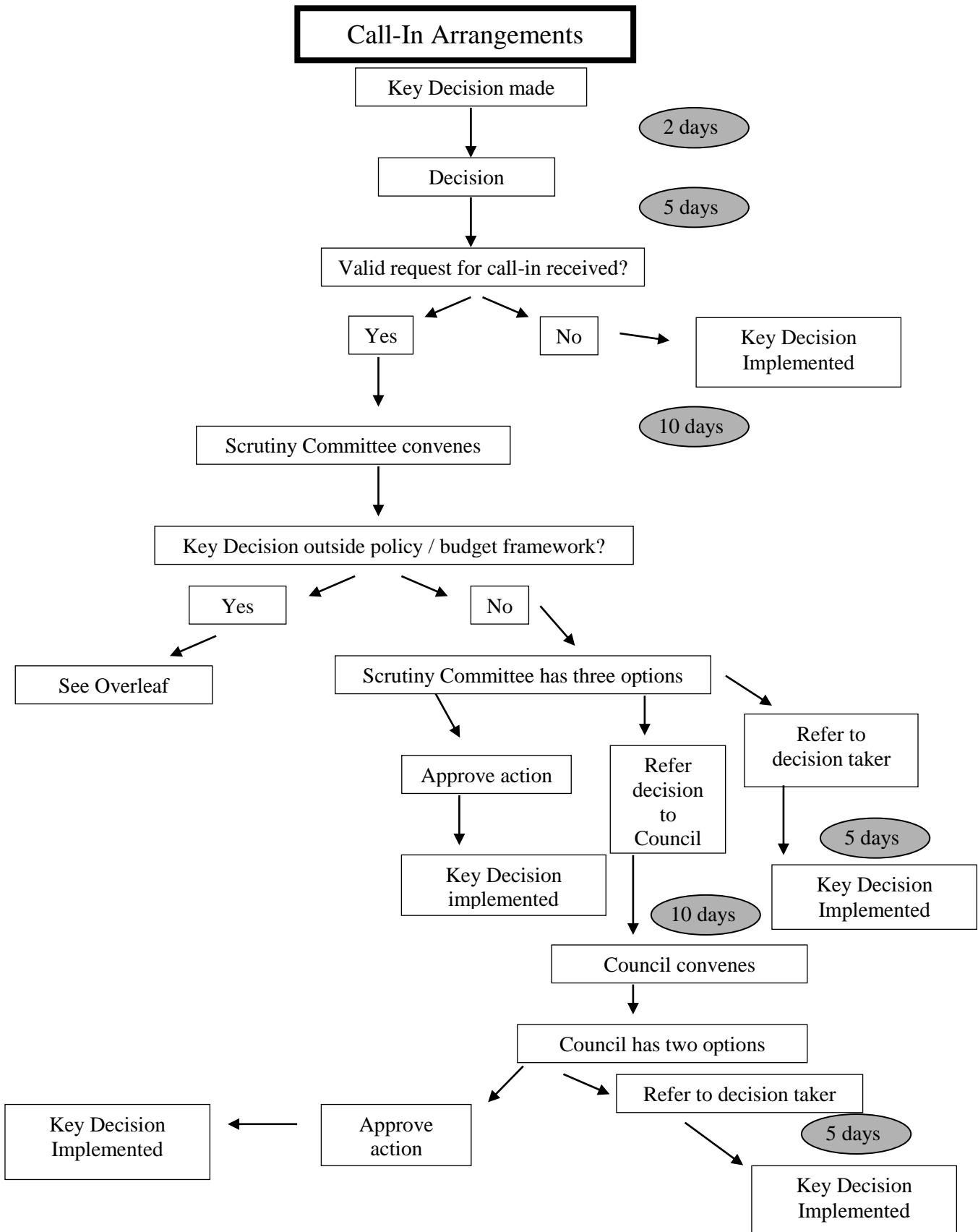
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- (b) The Overview and Scrutiny Committee may select a forthcoming decision and examine the issues around it.
- (c) In order not to obstruct the Council in its business, the Overview and Scrutiny Committee may call-in a key decision in advance of its actually being taken. In such a situation all the time-limits apply as above, except that a key decision cannot actually be implemented any sooner than it would have been had the Overview and Scrutiny Committee not called it in.
- (d) Where the Overview and Scrutiny Committee has called-in a key decision from the Forward Plan before its due date, the decision cannot be called-in again after the final decision has been taken.

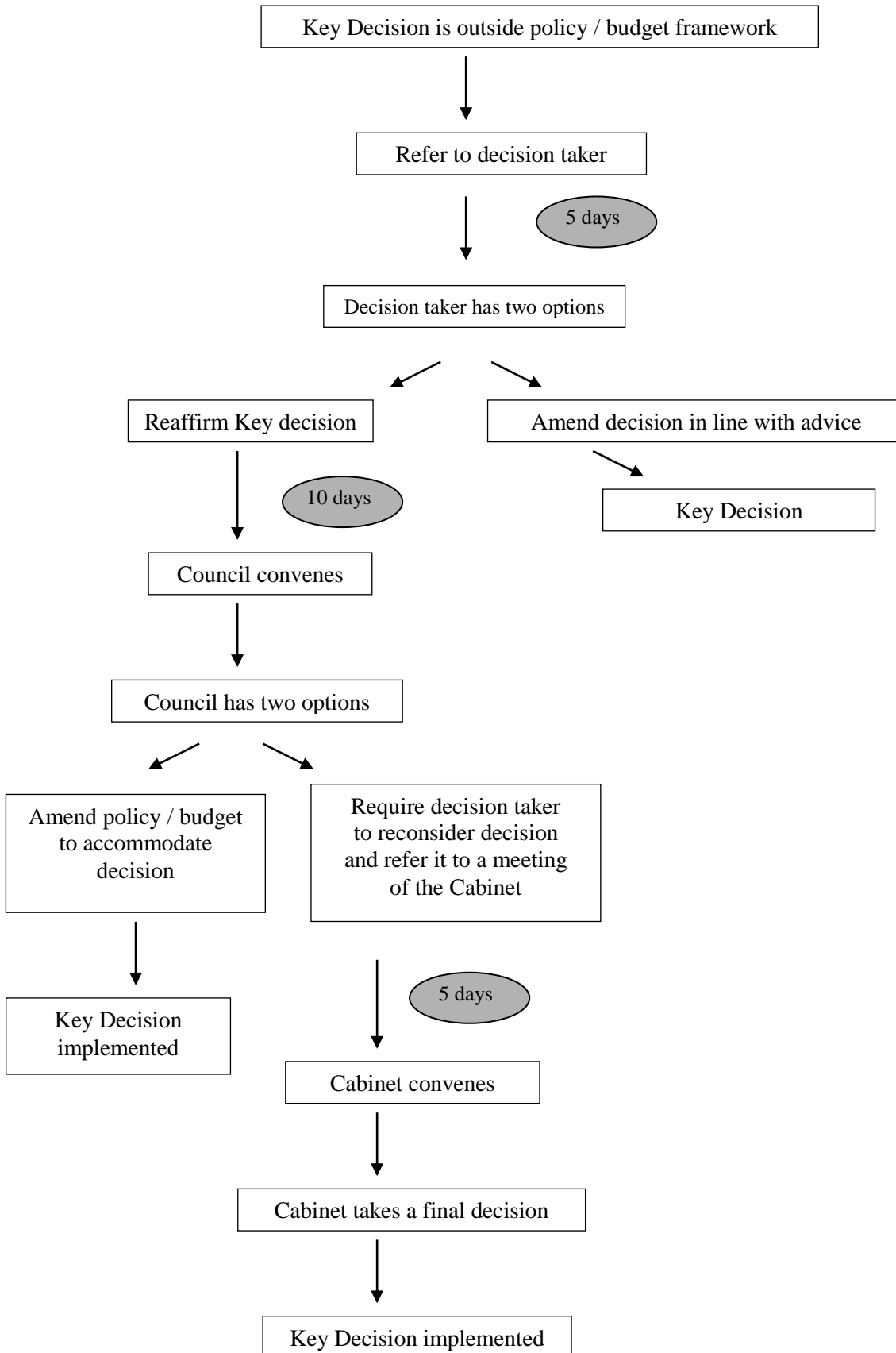
**20. Monitoring Arrangements**

The operation of the provisions relating to call-in and urgency shall be monitored by the Democratic Services Manager, and a report submitted to Council annually with proposals for review if necessary.

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**Report for:** Cabinet – 5 December 2023

**Title:** Leisure Management

**Report authorised by:** Barry Francis, Director of Environment & Resident Experience

**Lead officer:** Zoe Robertson, Head of Place  
[zoe.robertson@haringey.gov.uk](mailto:zoe.robertson@haringey.gov.uk)

**Ward(s) affected:** All

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

**1. Describe the issue under consideration.**

1.1 This paper considers the arrangements for the future provision of leisure services in the borough and recommends bringing this service in-house.

**2. Cabinet Member Introduction.**

2.1 On 11<sup>th</sup> July 2023, the Cabinet took the decision to end the Council's contract with Fusion Lifestyle Ltd ('Fusion') and to review how its leisure services are run in the future. The provision of leisure services is key to helping our residents lead active, healthy lives whilst also tackling wider determinants of ill health, such as social isolation and loneliness. Access to sports and leisure facilities is central to health and wellbeing for residents of all ages. The Council wants to play an important role in tackling health inequalities experienced by many residents and help them lead more active lives.

2.2 By ending the contract with Fusion, the Council can bring leisure services in-house, democratising and taking full control over the running of our leisure centres at Tottenham Green, Park Road and Broadwater Farm. Bringing the management of leisure services inhouse, the Council will build on the success of New River Sport & Fitness which we brought in-house in August 2021 and is now delivering better and more inclusive services to our residents and communities.

2.3 The Council can ensure leisure and wellbeing services are provided that meet the needs of our diverse communities and encourage people of all ages and abilities to get active in different ways. Working with our partners and communities and joining up and connecting with our assets like our parks and outdoor spaces, we can build a broad and diverse range of activity opportunities for residents to get active and boost their wellbeing.

**3. Recommendations**

Cabinet is asked to approve that:

- 3.1 Having considered the available options presented, Haringey Council's leisure services shall be brought back inhouse as described in Option 5 (section 6.32), for the reasons set out in this report, including the TUPE process for Fusion's Haringey workforce.
- 3.2 Following the serving of the 12 months' voluntary termination notice on Fusion Lifestyle on 3<sup>rd</sup> October 2023, inhouse leisure service provision shall commence no later than 2<sup>nd</sup> October 2024.
- 3.3 The revenue budget and capital programme implications of the decision to insource be included in the draft Medium Term Financial Strategy for 2024/25.
- 3.4 The decision to novate any or all the related contracts (including those considered as key decisions) from the existing service provider to the Council be delegated to the Director of Environment and Resident Experience.

#### **4. Reasons for decision**

- 4.1 Cabinet decided to end the Leisure Management contract with Fusion on 11<sup>th</sup> July 2023, and committed to reviewing the options for running the service in the future. Officers have since continued to work with independent leisure specialists, FMG Sport and Leisure Consultancy, to design and cost various options that include insourcing or awarding a new contract.
- 4.2 Insourcing the leisure service gives the Council an opportunity to take full control of leisure management, to achieve broader health and wellbeing outcomes, and to design services that are targeted to the needs of our diverse communities.

#### **5. Alternative options considered.**

- 5.1 **Procure a new leisure service provider:** Although this option could benefit the Council by assigning financial, legal, and other risks to a third party, a new contract would be potentially restrictive. It would limit the Council's ability to dynamically adjust the service to meet emerging health and wellbeing demands, make it harder to integrate / co-ordinate with other Council and partner services. Despite taking all precautionary measures through the procurement process, it also has the potential to ultimately replicate the current level of service provision, albeit most likely with a different provider.
- 5.2 **Close the leisure centres and mothball the sites:** Although this option would bring a clean end to the contract, the existing assets would require ongoing maintenance of the buildings and deprive local residents of locations to pursue healthy activity and wellbeing for an indeterminate period of time.
- 5.3 **Lease the leisure centres to a new provider:** This option would mean the Council losing a significant opportunity to influence the provision of leisure services in the borough for decades to come, whilst nevertheless retaining ultimately responsibility for the assets.
- 5.4 **Close the leisure centres and sell/redevelop the sites:** Although this option might bring some financial benefit to the Council by way of a capital receipt, it

would take time (and cost) to develop but equally deprive local residents of locations where they could readily pursue healthy activity and wellbeing.

5.5 All four alternative options were discounted in favour of insourcing.

## **6. Background information**

6.1 In 2012, Fusion Lifestyle Ltd ('Fusion') was awarded a 20-year contract to run four leisure centres in the borough – Tottenham Green Leisure Centre, Park Road Leisure Centre, White Hart Lane Community Sports Centre and Broadwater Farm Community Sports Centre. In April 2014, White Hart Lane Community Sports Centre was removed from the leisure management contract and the Council entered into a 50-year lease with Fusion for the management of the site. Fusion renamed the centre to New River Sport and Fitness.

6.2 In August 2021, Fusion surrendered the 50-year lease, and the Council took New River Sport and Fitness in-house from Fusion. This has led to financial, operational, and service improvements at the centre including diversification of the sports offer to attract more women and girls and other underrepresented groups.

6.3 Feedback from residents and user groups repeatedly suggested that changes were needed to leisure management at the three sites managed by Fusion, particularly following the Covid-19 outbreak. There were regular reports of poor levels of cleanliness, particularly at the Park Road facility. Tottenham Green Leisure Centre closed on 31<sup>st</sup> December 2022, following a flooding incident in the plant room which affected the high voltage power network for the site. In conjunction with other issues (such as problems with repairs and maintenance that led to repeated closures of Park Road pool during 2023), this intensified the public call for change.

6.4 Further to the suggestion from Fusion's facilities management personnel that cracks were appearing in the building, a structural survey was conducted of Tottenham Green by the Council's Building Control Service. Although the report identified that the cracking within the building simply required straightforward maintenance, it also flagged up concerns about other aspects of the centre where maintenance was lacking, reinforcing the prior concerns of the Active Communities Team.

6.5 Whilst the 'dry side' of Tottenham Green – including Marcus Garvey Library, the Customer Service Centre, the nursery/creche, the sports hall, the gym and other aspects of the centre - reopened in April 2023, the 'wet side' of Tottenham Green remains out of use. Fusion is working with its subcontractors to restore the high voltage electrical system and thereafter bring the rest of the centre – mainly the pools - back into operation.

6.6 All three leisure centre sites need repair and investment to bring them back up to industry standards, meet health and safety obligations, and to meet the expectations of Haringey's residents. Corporate Landlord is conducting surveys to confirm the extent of investment that is required to achieve this and the extent

of Fusion's liability for dilapidations, further to condition surveys undertaken in 2022.

- 6.7 Against this backdrop, the Cabinet determined on 11<sup>th</sup> July 2023 that the leisure management contract with Fusion should end. The Cabinet also wished officers to review how Haringey Council's leisure services should be run in the future and report back on the options available.
- 6.8 In order to gain as much insight into the future funding requirements for delivering a leisure management service, officers sought to collaborate with senior Fusion representatives and gather the information necessary to accurately financially model service delivery options.
- 6.9 It became problematic to obtain the required information without first giving notice of the termination of the contract to Fusion and therefore, 12 months' notice was given to Fusion on 3<sup>rd</sup> October 2023 of the Council's decision to voluntarily terminate the contract. By serving the notice, Fusion would be contractually bound to provide the information being requested - and thereafter began to do so. This report therefore sets out 5 distinct future options for the Council which, by virtue of the serving of the 12 months' notice, excludes the option to 'do nothing'.

### **Wellbeing Model**

- 6.10 The decision to voluntarily terminate the leisure management contract provides Haringey Council with an opportunity to more fully consider how it might integrate 'leisure' with 'health and wellbeing'. The opportunity was taken during the 'Budget Fortnight' exercise (during which officers from across the Council came together to look at future, more economically sustainable service delivery models) to consider the development of a new 'Wellbeing Model'.
- 6.11 Health inequalities in Haringey are stark and life expectancy has fallen since Covid-19. Even prior to the pandemic, rises in life expectancy had stalled and for men had begun to fall. There is an inequity in life expectancy between those living in our most deprived wards compared to the least deprived. A man in one of the least deprived wards will live on average 7 more years than a man from one of the most deprived wards. For women, the difference is over four years.
- 6.12 Being physically active and socially connected dramatically reduce the risk of developing ill health (including conditions that increase social care need, such as dementia), and premature death. There is significant inequality in levels of physical inactivity, obesity and ill health that is linked to poverty.
- 6.13 Over 20% of adults in Haringey currently do less than 30 minutes of physical activity per week and 40% of year 6 children in the borough are overweight or obese. Children of black ethnicity or children living in more deprived areas were significantly more likely to be above a healthy weight. There is also a strong correlation between being less physically active and taking up free school meals. These rates and patterns have not changed in recent years.

- 6.14 Our most diverse communities live in the east of the borough. In these areas we see more people with diabetes and hypertension (high blood pressure) compared to those living in the centre and west of the borough. 16% of Haringey's population are living with a long-term health condition and nearly 6% are living with two or more long term conditions. Communities in the east of the borough have the highest diagnosed prevalence of diabetes and hypertension.
- 6.15 In Haringey, the estimated cost of physical inactivity related to just four long term health conditions is £3.8m. Haringey has an ageing population, with the fastest increase projected in the over 65s age group. The numbers of people having falls and developing dementia are estimated to rise steeply over the next decades. Dementia and falls both increase the need for adult social care, which is a major driver of Council cost pressure.
- 6.16 Loneliness can also have a major impact on health outcomes. Living alone with poor social connections is as bad for someone's health as smoking 15 cigarettes a day. Social isolation can increase risk of cognitive decline, dementia, and death. A wellbeing service can contribute to increasing social connections, and social interaction can be a major motivation for people to use wellbeing services (with positive offshoot of increasing their physical activity levels). 30% of Haringey residents live alone. Around 30% of school children feel lonely at school.
- 6.17 Research shows that even small amounts of physical activity can reap significant health benefits including boosted mood and self-esteem, better quality sleep and improved energy levels. In terms of health benefits, regular physical activity can reduce all-cause mortality, depression, dementia, and colon cancer by 30%. It can reduce type 2 diabetes by 40% and cardiovascular disease by 35%, and breast cancer by 20%.
- 6.18 There are many ways to get more physical activity into our daily lives and, whilst leisure centres are at the core of our sport and fitness offer, most physical activity takes place in our communities, homes and parks, greenspaces, and other forms of open space. On 11<sup>th</sup> July 2023, the Cabinet approved a new Parks and Greenspaces Strategy for Haringey. As one of the three key aims of that Strategy, the intention of 'Inclusion and Wellbeing' is *"Providing inclusive parks and greenspaces that all communities in Haringey can benefit from so that usage and enjoyment of our parks and greenspaces reflects the communities living in Haringey and contributes to improved wellbeing."*
- 6.19 Increasing physical activity helps to boost feelings of wellbeing. Physical activity can be achieved in many ways, depending on the person and their abilities. By raising our heart rate for 20 minutes a day, we are positively impacting our fitness. For some, this may be a brisk walk to the shops or around the park. For others, seated exercises or some gardening may be more appropriate. Others may enjoy a cycle ride to work or school, or an exercise class online or in a local centre. The most important thing is to do something, and to do it regularly.
- 6.20 The Parks and Greenspaces Strategy report in July 2023 identified that the Physical Activity and Sport Strategy 2019-2023 is (with the Outdoor Events

Policy) one of two further existing plans that support and complete the strategic landscape for parks and greenspaces in the borough. A new Physical Activity and Sport Strategy is to now be developed that will consider and fully support the wider 'Wellbeing Model'.

- 6.21 To help improve the wellbeing of our communities, work will now progress across multiple services, partners, and the voluntary community sector to encourage physical activity in a broad number of ways. The aim will be to offer a more diverse programme of activities through our leisure centres, but also to encourage greater use of other spaces such as the borough's parks, greenspaces, and community spaces around the borough. By working more closely with the NHS greater use of social prescribing – whereby doctors recommend physical activity to their patients as part of their treatment – can be encouraged.
- 6.22 It is also recognised that there is a broad offer of physical activity taking place in the community already – of which 'Parkrun' is just one example. The aspiration is to capture this and signpost people to activity that suits them and their needs in their locality. This may be activity organised locally in the community, or private exercise classes or online activity suitable for different abilities, as well as through the Council's more formal offer in its leisure centres.
- 6.23 A formalised Wellbeing Model supports The Haringey Deal approach. The new model will help in knowing our communities better (e.g., understanding who is and isn't using services and why) and in getting the basics right. It will also contribute to creating space for good things to happen (through enabling work by the voluntary community sector and in community spaces). Consideration will also be given to learning from what hasn't worked well in the past and from experiences elsewhere of delivering and commissioning leisure and wellbeing services.

### **Leisure Service Options**

- 6.24 Five different options have been considered and assessed. The perspective for each option is against the backdrop of the three existing sites at Broadwater Farm, Park Road and Tottenham Green – supported by an existing Fusion workforce of approximately 70 staff who, by law, would have a TUPE right if the service was transferred to another operator or brought inhouse. It is known from the condition surveys from 2022, the intervention required at Park Road in January 2023 (where there was a water treatment issue), the Building Control Service report of August 2023 and the ongoing work at Tottenham Green to bring the entire centre back into operation that an investment package for repairs and maintenance will be needed to continue to use the three sites in the future.
- 6.25 As well as already operating New River Sport and Fitness since August 2021, the Council also needs to be mindful of how it plans to run the new sports facilities at Bull Lane in-house once development is completed.
- 6.26 The Council also needs to give a fuller consideration of what would be expected of a local leisure management service – in isolation or as part of a wider

Wellbeing Model. To this end, an engagement exercise will need to be carried out with residents, partners, members, and user groups early in 2024 to help inform the design and extent of that service offer.

6.27 In considering the various options, the Active Communities Team has engaged the independent specialist consultants, FMG Sport and Leisure Consulting, and worked with the corporate Finance Team to understand or interpret the financial implications in each case.

**6.28 Option 1: Awarding a new leisure management contract.**

6.28.1 This option would entail going back to the market, developing a new leisure management contract and procuring an appropriate service provider. As part of the review of this option, FMG Sport and Leisure Consulting conducted a market engagement exercise on behalf of the Council. Four companies expressed an interest in a potential new contract in Haringey, and all four were able to mobilise in the available timescale (i.e., by October 2024). Feedback from the market was that a longer contract was preferable (minimum of 5 years with possible contract extension period following the initial term). This was to give a suitable payback period for investment in the sites. As the incumbent leisure management service provider, the views of Fusion were not sought, even though Fusion could tender its services through any new procurement exercise.

6.28.2 This option has a range of benefits:

- Operational risks would sit with the contractor, rather than the Council.
- Reduces budget risks e.g., ability to generate predicted income – again, this risk will sit with the contractor.
- Continuity of service as Fusion's staff would in all probability transfer to the new contractor under TUPE
- Services would be run and developed by specialists in the industry.
- The contract could be designed to target health inequalities and physical activation (although this could not fully reflect the Wellbeing Model which is yet to be fully developed).
- The Council could retain control over capital repairs and maintenance.
- A new contract would put less day-to-day pressure on corporate services across the wider organisation.

6.28.3 The key risks and issues of the option to award a new contract are:

- There is no guarantee that the new contractor will deliver appropriate performance levels.
- Even fair or good performance of a new contractor may not improve the public perception of service.
- It will be reputationally damaging if the new contractor does not achieve a perceived improvement in leisure management services.
- A new contract would give the Council less control over its ability to flex the service to meet emerging health and wellbeing demands - the Wellbeing Model is expected to be continuously evolving.
- A contractual arrangement would make it harder to integrate / co-ordinate with other Council and partner services, to make the most of the

opportunities for positively impacting health and wellbeing through the facilities.

**6.29 Option 2: Closing the leisure centres and mothballing the sites.**

6.29.1 This option would be detrimental to the Council's ability to support residents to live healthier and more active lives, and to positively impact on health and wellbeing. It would also raise equalities issues as those people who are eligible for concessionary access to the leisure centres would be impacted more than those who can afford to pay for alternative private facilities.

6.29.2 This option also incurs ongoing cost in that there would be ongoing costs such as security, routine property maintenance and intermittently operating the pools to avoid costly seizures in mechanical components. There would be service disruption associated with relocation/closure of the Customer Service Centre, Marcus Garvey Library and the nursery/creche at Tottenham Green. The 70 Fusion employees would also be adversely impacted as their employment would need to be terminated.

6.29.3 At a future point in time when the leisure centres were to re-open, there would be at least the same level of investment required to bring the three leisure centres up to acceptable industry standards. At that stage, the process of recruiting the personnel necessary to run the leisure centres would be onerous and take some considerable time from a zero-resource baseline.

6.29.4 This option was discounted due to the overall negative impact of losing the leisure centres and no long-term net gain.

**6.30 Option 3: Leasing the leisure centres to a new provider on a long lease.**

6.30.1 A long lease (typically 50-100 years) would effectively remove the Council from influencing the provision of leisure services in the borough for decades to come. This option would represent a lost opportunity to positively influence the health and wellbeing of Haringey's residents through targeted services and activities. The Council would have no, or very limited, control or influence over leisure provision in the borough, adversely impacting on any aspiration to deliver a Wellbeing Model of any note. The Council has experience of this model through its previous 50-year lease for the New River site. Ultimately, the Council had to step back in and bring the site under the Council's direct control.

6.30.2 The benefits to this option are similar to Option 1 in that the Council would not be exposed to any financial risks around operational delivery and generating income. The Council would also not be liable for future repairs and maintenance of the facilities with associated costs. Besides these potential revenue budget and capital investment needs, the Council would also be able to generate an income from the lease.

6.30.3 However, there is a known investment needed to bring the leisure centres up to an industry standard and, thereby, more affordable ongoing maintenance costs. The scale of lease income would therefore be less if the Council left the



investment to the organisation taking on the long lease, or there would be a delay in realising that income if the Council were to invest first and satisfy future potential leaseholders that an appropriate standard of infrastructure was on offer.

6.30.4 Whilst this option might safeguard the livelihood of the current 70 Fusion employees who would TUPE transfer to the new provider if there was an organisation willing to take on the lease without Council investment into the three leisure centres, that future employment would be at risk if up-front investment was the preferred method to progress this option to maximise lease income.

### **6.31 Option 4: Closing the leisure centres and selling or redeveloping the sites.**

6.31.1 The benefits of this option are that the Council could generate a capital receipt from the sale of the land or use the land for other Council uses such as housing. Alternatively, the sites could be redeveloped as mixed use, including a new leisure provision, but this would require significant up-front capital investment.

6.31.2 This option, like the mothballing of the leisure centres, would mean that the 70 Fusion employees would be adversely impacted in that their employment would need to be terminated.

6.31.3 It has been previously identified that there is a deficit of leisure provision in Haringey. Even with Bull Lane becoming available to supplement New River Sport and Fitness, this option would mean a much-diminished Wellbeing Model offer – as well as adversely impacting on the existence of Haringey Aquatics.

### **6.32 Option 5: Insourcing Leisure Management**

6.32.1 This option has a range of benefits that are significant:

- The Council would have full control of leisure management and operation of the leisure centres, as well as full accountability for the service offer and performance.
- There would be optimal future flexibility in the design and shape of the service offer including integrating with the developing Wellbeing Model and targeting health inequalities.
- An ability to adapt to different policy and charging areas across the Council that, for example, would be otherwise restricted by an outsourced leisure management model (i.e., Option 1).
- An ability to change the operation as needed such as opening hours, pricing structures and/or targeting different groups. This would be challenging to achieve if Option 1 were to be pursued.
- Better terms and conditions for the workforce and ability to focus on recruiting locally.
- A consistent but far broader leisure service offer across the three leisure centres, New River Sport and Fitness and, in the future, Bull Lane.

6.32.2 There are risks and issues that arise from an insourcing option and these are explored in more detail in the next section of this report. However, the Council is able to reflect on the lessons learnt from the insourcing of New River Sport

and Fitness in August 2021, as well as the past and current experience of personnel within the Active Communities Team.

6.32.3 Insourcing will require revenue budget growth of £946k from 2024/25 (with further detail set out in section 9.1). The insourcing option will also incur mobilisation costs. A capital growth bid of £433k for 2024/25 has been prepared to cover the digital infrastructure costs associated with insourcing leisure. There will be other costs associated with mobilisation, such as public engagement and resourcing key corporate teams (HR, Corporate Landlord, Procurement, Health & Safety, Communications and Marketing) as well as the TUPE costs. These costs are being identified by the services and will be collated in a Transformation Fund Bid.

6.32.4 On the basis that Options 2, 3 and 4 above do not come close to meeting the Council's broader aspirations – particularly in relation to the development and delivery of a comprehensive Wellbeing Model, the risks and issues of insourcing will, where practical, be compared with those arising from Option 1 above.

6.32.5 The Director of Environment and Resident Experience established a Leisure Management Working Group, chaired by the Assistant Director Direct Services. The purpose of the Group is to co-ordinate the views, input and activity of services across the Council in considering current and future leisure service provision. The Group has therefore contributed to the development and consideration of the options and their respective impacts, building upon the contributions arising from Budget Fortnight.

### **Risk and issue management**

#### *Workforce*

6.33 In tandem with navigating through to the end of the current leisure management contract, procuring a new service provider would put a sizeable strain on the Active Communities Team, Strategic Procurement, Legal, Health & Safety, Corporate Landlord and, to a lesser extent, the Communications & Marketing, HR, Payroll and Pensions Teams. The current IT system used at New River Sport and Fitness also requires replacement, thereby requiring input from Digital Services.

6.34 Insourcing the leisure management service would add to this strain, primarily because many of these service areas would need to continue to be involved beyond the end of the 12 month's voluntary termination period. To mitigate this, the Leisure Management Working Group representatives of each of these services have attended meetings and set out their respective requirements and the implications of the alternative service delivery models. This has included preparing an insourcing project plan and identifying potential future cost pressures. If the decision is taken to insource the leisure management service, these representatives will be involved in the development of a mobilisation plan.

6.35 The leisure industry operates 7 days a week, rather than the traditional office-based '9am – 5pm' working hours. As such, the Council's support services would not ordinarily be resourced or available to support an insourced operation

outside of standard working hours. To mitigate this, on-call arrangements could be made with key services, or specialist contracted support could be arranged with other providers.

- 6.36 If a new contract for external service provision was procured, Fusion's workforce of approximately 70 staff would transfer to the new contractor in October 2024. Insourcing, however, would represent a significant cultural exercise to welcome, induct and train staff on the Council's policies, procedures, and values. Communications with incoming staff would be critical in achieving a smooth transition and staff engagement, including 1-1 support being offered. Ensuring all operational staff are fully trained and accredited to carry out their roles is essential to ensuring a safe service from the date of service transfer. Personnel management colleagues such as in HR, Payroll and Pensions are aware of the proposal and advised on the process and work involved needed for the insourcing. The estimated TUPE costs and envisaged improvement in the terms and conditions of the transferring workforce and additional staff have been factored into the financial projections below.

#### *Financial*

- 6.37 With an insourced service, the Council will be financially at risk in terms of achieving income levels and running the service within set budgets. To mitigate this, officers have worked with independent specialist consultants, FMG Sport and Leisure Consulting, to design an operational service and budget. To mitigate budget risks, the service will start with Fusion's TUPE transferred workforce and the leisure workforce will be built up in line with available budget. If the service was contracted, the risk would sit with the service provider, but this risk could be reflected in the management fee to be paid by the Council for the service provided.
- 6.38 Irrespective of whether the service is contracted or internally delivered, there is a risk that energy and utility prices will increase, putting a pressure on service budgets. To mitigate this from an insourcing perspective, a range of energy and water saving proposals are being explored to reduce the energy demand of the leisure centres. This also has the benefit of reducing the carbon impact of the sites. Whilst a contractor might equally explore such options, the Council would naturally pursue these in line with its net zero commitments.
- 6.39 Insourcing would mean the Council is liable for the costs to maintain and invest in the leisure sites, to ensure they are in good working order and meet health and safety standards. Financial provision is being made for this through the Council's capital programme for 2024/25 onwards, including addressing any current shortfalls that warrant early intervention, which would include ensuring that each site is fully compliant with statutory obligations. This financial activity also applies if the Council chose to award a new contract, albeit that any work would be delivered by a third party rather than Council contractors.

#### *Procurement*

- 6.40 There will be a large volume of contracts involved if the Council is running the leisure centres which the Council will either novate from Fusion or re-procure.

This will be an extensive exercise and it is imperative that contracts are in place before the end of the 12 months' voluntary termination period. To mitigate this, a list of contracts and values will be requested from Fusion and the project team will work with Strategic Procurement to identify the appropriate approach for each contract. If leisure management was to be delivered through a new contractor, that service provider will either rely upon existing contracts in place for its other clients or establish new contracts in a short period of time following contract award.

*Performance*

- 6.41 The insourcing presents a reputational risk to the Council if performance is not perceived to be improved. A successful communications and marketing campaign would be critical in supporting the transition to the new service. The engagement exercise with residents, user groups, partners, and stakeholders early in 2024 will also help to inform the design of future services and help to achieve greater satisfaction with the new service.
- 6.42 There would nevertheless be a reputational risk if the appointed contractor either does not perform appropriately or is perceived to not perform properly. In either circumstance, the Council could be considered by the public to have exercised poor judgement in not insourcing the service and perform, rather than rely upon contract management to enforce an acceptable level of performance.

*Mobilisation/operations*

- 6.43 There is a risk that digital integration will fail during any insourcing mobilisation period. For example, the leisure booking system will need to integrate with the Council's financial system, SAP. Failure to integrate will impact the smooth transition in services from Fusion to the Council. To mitigate this, officers will look to use existing technology which is already working well at the New River site and ensure this is tested prior to go-live – although there is a need to re-procure this technology in any case.
- 6.44 Leisure centres are large, complex buildings, with inherent risks to manage around the public use of these facilities, particularly around the pools. Detailed work will be needed to ensure thorough risk assessments and training are in place to enable service management to provide a safe service to the public. The buildings contain specialist plant and equipment, in addition to the normal maintenance requirements for any operational building. To mitigate operational and technical issues, specialist resource will be procured where appropriate. This is an area that an external service provider will be more used to addressing. However, the Council is used to managing and maintaining a wide variety of specialist service buildings.
- 6.45 Further reports will be brought forward as needed in relation to capital works proposals for the buildings.
- 6.46 There will be unforeseen issues that could arise in the insourcing transfer period. A strong governance structure, including the Leisure Management

Working Group attended by key service leads, will help to reduce this risk and promptly manage any arising issues. Although the Working Group will need to continue to operate beyond the end of the 12 months' voluntary termination period irrespective of the service delivery model, it may need to remain in place longer if the service is insourced.

### **The Recommended Option**

6.47 Having taken into consideration the aspiration of developing and implementing the Wellbeing Model described above and realising all its potential benefits, the following options are discounted:

- Option 2: Closing the leisure centres and mothballing the sites.
- Option 3: Leasing the leisure centres to a new provider on a long lease.
- Option 4: Closing the leisure centres and selling or redeveloping the sites.

6.48 Whilst there is a mix of benefits and disbenefits from following a procurement exercise to obtain an external service provider for leisure management (i.e., Option 1), it is considered that Option 5: Insourcing Leisure Management is the preferred service delivery model. This is based on the extent of the benefits that insourcing provides (as identified in paragraph 6.32.1 above), particularly the ability to develop and deliver a Wellbeing Model outside of the constraints of a contract. In addition, the Risk and Issue Management section above indicates that it is well within the scope of the Council and its services to overcome any additionality that insourcing brings compared to a procured service.

6.49 The recommendations therefore reflect the consideration that the leisure management service be insourced no later than 2<sup>nd</sup> October 2024.

## **7. Contribution to the Corporate Delivery Plan 2022-2024 High-Level Strategic outcomes'**

7.1 This proposal contributes to the following strategic outcomes:

- Resident experience, participation, and collaboration – our aim is to improve the resident experience of our leisure services and to work with communities and user groups to develop and broaden our leisure and wellbeing service offer.
- Children and young people – our leisure centres provide school swimming lessons and opportunities for young people to play, exercise and take part in sports.
- Adults, health and welfare – our leisure centres provide affordable opportunities for health, wellbeing and fitness activities.

7.2 In line with the Haringey Deal, officers plan to engage with residents, user groups, partners, and stakeholders to understand who is using the borough leisure services, and for those who are not – what would encourage them to do so? It is imperative to understand what Haringey's communities want from the Council's leisure offer, whether the range of activities is broad enough, and how the Council can work with its partners such as the NHS to ensure those most in

need of physical activity can access the right services, at the right time, in the right way.

## 8. Carbon and Climate Change

- 8.1 Leisure centres are inherently energy-intensive buildings with high requirements for heating and water consumption. The Leisure Service is working with the Carbon Management Team to identify a range of energy saving measures that can be installed at the centres to reduce energy and water usage.
- 8.2 A recent report estimates that the leisure centres are producing over 2,000 tonnes of CO<sub>2</sub>e a year (excluding Broadwater Farm). The report identified 25 actions the Council could take within its first year of operation that would reduce the emissions by around 20% and reduce the annual energy bill by £0.4m per annum. Whilst individually the 25 actions have a payback period of between one month and seven years collectively, the investment is repaid within one year of operation.
- 8.3 Following on from these initial actions, the Council will continue to explore other opportunities that may further reduce the energy consumption or provide alternative heat sources e.g., the Decentralised Energy Network.
- 8.4 The leisure centres have their part to play in the Council's approach to providing cool / warm spaces in the event of extreme weather conditions.

## 9. Statutory Officers' comments

### 9.1 Finance

- 9.1.1 The recommendation of the report is to insource those leisure services that are currently being provided by Fusion. Within Cabinet's draft budget proposals for 2024/25, there is provision of £0.946m growth. This would bring the revenue budget spend on leisure services to £1.6m per annum.
- 9.1.2 In addition to the revenue budget requirement, there is a need to invest in the facilities to bring them to the required standard. Within Cabinet's draft budget proposals, capital provision of £7.436m has been made with the following profile:

	<b>24/25 Budget (£'000)</b>	<b>25/26 Budget (£'000)</b>	<b>26/27 Budget (£'000)</b>	<b>27/28 Budget (£'000)</b>	<b>28/29 Budget (£'000)</b>	<b>Total (£'000)</b>
Leisure Services	3,660	825	825	1,063	1,063	<b>7,436</b>

- 9.1.3 The capital expenditure that will be incurred will be funded through Council borrowing, the cost of which is included in the draft budget proposals.
- 9.1.4 The Council has been advised on the future leisure provision by FMG, a specialist consultancy in this field. It has developed a model that has been instrumental in the construction of the budget. The model addressed issues of

usage levels and charges to generate the estimated income as well as the cost of running the facilities which included non-staff operational costs as well as operational staff costs. The model has been reviewed by officers in the Leisure Service and in Finance. The model appears to be robust with conservative assumptions on income and prudent assumptions on cost. Notwithstanding this, it is only a model which may or may not reflect reality. As this is the case, very close monitoring of the operation of the service and the associated income and costs will need to be undertaken.

- 9.1.5 The model includes a high-level allowance for support service costs which will need to be monitored in light of the actual demand on those services which an in-house provision brings.

## **9.2 Procurement**

- 9.2.1 Strategic Procurement notes the contents of the report, the decisions previously taken and recommendations in section 3. The recommendations do not require a procurement related decision at this time.

## **9.3 Head of Legal & Governance**

- 9.3.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in drafting this report.
- 9.3.2 The preferred option recommended to the Cabinet is the insourcing of the leisure service. Some 70 staff are currently engaged on the service with the external provider and, on insourcing, are entitled to the rights and protections of TUPE (The Transfer of Undertakings (Protection of Employment) Regulations 2006). Qualifying staff will transfer over to the Council on their existing terms and conditions and strict duties and obligations imposed on the Council as the receiving employer. Officers managing the project are advised to ensure that the TUPE transfer is managed in accordance with the advice and guidance of HR and Procurement colleagues.
- 9.3.3 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report.

## **9.4 Equality**

- 9.4.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
  - Advance equality of opportunity between people who share protected characteristics and people who do not.
  - Foster good relations between people who share those characteristics and people who do not.
- 9.4.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex,

and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

9.4.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.4.4 The decision between whether to insource or contract the future leisure service is not likely to have disproportionate equalities impacts.

9.4.5 The development of the insourced leisure service will be subject to a detailed Equalities Impact Assessment at an appropriate time in the planning stage of the project, informed by the resident engagement to take place early in 2024.

## **10. Use of Appendices**

None

## **11. Background papers**

FMG's financial modelling for insourced service and award of a new contract.

FMG Energy Saving Study 2023

Haringey's Annual Public Health Report 2023:

([https://www.haringey.gov.uk/sites/haringeygovuk/files/haringey\\_public\\_health\\_report\\_2023.pdf](https://www.haringey.gov.uk/sites/haringeygovuk/files/haringey_public_health_report_2023.pdf))



**MINUTES OF MEETING Cabinet HELD ON Tuesday, 5th December, 2023, 6.30pm**

**PRESENT:**

**Councillors: Peray Ahmet (Chair), Mike Hakata, Emily Arkell, Zena Brabazon, Dana Carlin, Seema Chandwani, Lucia das Neves, Ruth Gordon and Sarah Williams**

**ALSO ATTENDING: Cllr Cawley- Harrison and Cllr White**

**35. DEPUTATIONS/PETITIONS/QUESTIONS**

The Leader of the Council had accepted a deputation request from Park Road Lido User Group in relation to agenda Item 9 - Leisure Management.

Sharon Louth addressed the Cabinet and set out the deputation on behalf of Park Road Lido User Group.

**NOTED:**

- Park Road Lido User Group is a group of over 1000 swimmers passionate about the Lido. The group emphasised the positive impact it had on Haringey residents. The group expressed concerns for the Lido's future and explained that this was a vital part of Haringey's leisure offer. They wanted to be reassured that the Lido was sufficiently considered in future plans and closure during the winter period was a particular worry for residents. They contended that the report on leisure services lacked vision and clarity and that there was no specific mention of swimming.
- The deputation party felt that the report spoke of reputational risk to the Council if it were to contract out to another failing leisure provider and believed it didn't give similar weight to the Council failing due to a lack of expertise or financial backing or had sufficient information to truly assess the risks.
- The leisure services report recommended Council delivery; however, in the deputation's view, the contents of the report did not make convincing arguments for this. The group thought it was important for members to consider whether without any current resident consultation, the right information was provided to make an effective decision at this meeting.

There were questions from Cllr Hakata and Cllr Chandwani to the deputation party and they responded as follows:

- Historically, the Council had not kept the Lido open effectively. The group recognised the pressures on the Council budget, and due to this it was viewed as at a higher risk being a Council managed facility than an external contracted

facility. The deputation felt that an external provider would have more experience in running the Lido as a business.

- There were examples given of where the running of services by a private company had worked well, for example the London Fields Lido. The group questioned whether there had been discussion of how private companies worked on services in other local authorities.

The Cabinet Member for Culture, Communities & Leisure responded to the deputation. She reaffirmed that the Council would be looking carefully at how leisure services were run and would be listening to resident's views and concerns. She also provided reassurance that indoor and outdoor swimming would be a consideration in the long-term vision planned for the leisure provision across the borough. The cost of keeping the Lido open had been included in budget estimates and officers had also included the estimates for energy saving measures. The plan would be to keep the Lido open all year round, the Council wanted to invest in the Lido to reduce the running costs and improve the income generating potential. In terms of running the service, the Council have in house knowledge to effectively do this. It was estimated that Fusion was understaffed and lacked financial resources. However, both elements would be addressed under the Council's management of the service, and the Council were committed to carrying out a consultation exercise to make sure that the service reflected lives and embodied values and operational priorities.

### **37. LEISURE MANAGEMENT**

The Cabinet Member for Culture, Communities & Leisure introduced the report, which considered the arrangements for the future provision of leisure services in the borough and recommended bringing this service in-house.

The Cabinet Member outlined that the three key sites providing leisure facilities: Tottenham Green, Park Road and Broadwater Farm. This report followed the July Cabinet decision to review the leisure provision and subsequent termination of the Leisure Services Contract with Fusion.

The Cabinet Member underlined the key focus of the administration on enabling residents to live healthy lives, through ending social isolation and providing access to leisure services. This was central to the health and wellbeing of residents and helping them lead healthy lives. This was the underpinning objective when considering future leisure arrangements.

The Cabinet Member continued that by ending the contract with Fusion, the Council would bring leisure services in-house, democratising and taking full control over the running of the leisure centres at Tottenham Green, Park Road and Broadwater Farm. The Council aimed to build on the success of New River Sport & Fitness, which was brought in-house in August 2021 and was now delivering better and more inclusive services to residents and communities.

In response to questions from Councillors: Hakata, das Neves, Chandwani, White and Cawley - Harrison the following information was provided:

- In relation to engaging with residents on the insourced provision, the Council had spent time engaging with residents, as a whole, and were also encouraging those which had not used the service to also participate in the engagement process. Thought was being given to future provision which was responsive to the leisure services wanted by residents and how and when the engagement would take place. This would likely be in phases to ensure that the Council were listening and hearing as many residents as possible.
- With regards to tackling health inequalities in the borough and having better health outcomes for residents in later life, the service would be looking at: what issues there were that preventing some groups accessing the service, co-locating services and looking to work with partners like the NHS and public health to provide those wrap around services, ensuring there was a holistic approach and providing the activities to improve approach to fitness.
- Regarding the proposed insourcing model offering equity of provision in both the east and west of the borough, the service had spent a lot of time considering the service offer across the three leisure sites and it was recognised that the provision at Broadwater Farm Centre can be overlooked. There would be engagement with residents on the new service offer at Broadwater Farm. They would be looking to understand the enablers to increase usage and the type of wrap around services needed to support a wellbeing offer.
- Achievements highlighted at the New River Sport & Fitness centre were the successful links made with the Autism Hub and after school activities, in key time slots between 3:00 and 6:00pm, and development of an older person's activities, including those with dementia.
- Noted that the report responded to Overview and Scrutiny Committee's recent queries and concerns about the democratic oversight of the service and provided assurance on the engagement with users on the service provision going forward.
- In response to Overview and Scrutiny Committee's concerns about provision in the next 12 months given the notice of termination of the contract had been served, there were contract monitoring meetings taking place between the provider and Council on a weekly basis and performance would be closely monitored. The consistency of meetings would be maintained over the coming 12 months.
- The key focus was on reopening the pool at Tottenham Green Leisure Centre. This relied upon a sequence of works, starting with the high voltage distribution panel which had been successfully installed and there was now testing of the pumps and various other pieces of work that needed to be completed. It was expected that the teaching pool would be re-opened first, followed by the main pool. A date for re-opening would be provided in the next few weeks.

- The Council was committed to consulting with residents on the future leisure provision. The Council had been progressing with a sensitive contractual termination process over the last 5 months together with a review of the provision and option appraisals set out in the report. During this sensitive contractual negotiation period, public consultation activities could not realistically have taken place.
- There had been a significant piece of detailed work completed by officers with independent leisure specialists, FMG Sport and Leisure Consultancy, to design and cost various options that included insourcing or awarding a new contract. As this was reliant on information provided by Fusion and from a soft market testing process, this information could not be shared as it was contractually and commercially sensitive.
- With regards to the financial appraisals, the independent leisure specialists, FMG Sport and Leisure Consultancy had conducted some modelling on the options available for leisure service delivery. They had modelled a whole variety of different scenarios and eventualities in terms of both income expectation and commercialisation of the assets as well as looking at the options as they were described in the report. The key finding was that, given the current inflation and energy costs, there was going to be a requirement around investment whether it was an insourced or outsourced provision.
- The recommended Insourcing option provided the Council with better control of the service offer and less issues with change management. This was part of the decision-making process in terms of the officer recommendation.
- The scoring methodology for the 5 options was not available as commercially sensitive.

In further response to how the recommendation in the report to insource the leisure provision had been reached, the Leader of the Council underlined that the Council was fully committed to co-production and collaboration. This was a decision report about who delivered the service and as detailed in the report, and during the meeting, the Council, over the course of the next year, would looking at how to develop that service together with users and residents across the board.

The Leader of the Council continued to highlight that this was a pivotal moment in Council decision making and the Council were looking forward to working with user groups and working through the detail of how the service would be delivered.

## **RESOLVED**

1. Having considered the available options presented, to agree that Haringey Council's leisure services shall be brought back inhouse as described in Option

- 5 (section 6.32), for the reasons set out in this report, including the TUPE process for Fusion's Haringey workforce.
2. That following the serving of the 12 months' voluntary termination notice on Fusion Lifestyle on 3rd October 2023, inhouse leisure service provision shall commence no later than 2nd October 2024.
  3. That the revenue budget and capital programme implications of the decision to insource be included in the draft Medium Term Financial Strategy for 2024/25.
  4. That the decision to novate any or all the related contracts (including those considered as key decisions) from the existing service provider to the Council be delegated to the Director of Environment and Resident Experience.

### **Reasons for decision**

Cabinet decided to end the Leisure Management Contract with Fusion on 11<sup>th</sup> July 2023, and committed to reviewing the options for running the service in the future. Officers have since continued to work with independent leisure specialists, FMG Sport and Leisure Consultancy, to design and cost various options that include insourcing or awarding a new contract.

Insourcing the leisure service gives the Council an opportunity to take full control of leisure management, to achieve broader health and wellbeing outcomes, and to design services that are targeted to the needs of our diverse communities.

### **Alternative options considered.**

**Procure a new leisure service provider:** Although this option could benefit the Council by assigning financial, legal, and other risks to a third party, a new contract would be potentially restrictive. It would limit the Council's ability to dynamically adjust the service to meet emerging health and wellbeing demands, make it harder to integrate / co-ordinate with other Council and partner services. Despite taking all precautionary measures through the procurement process, it also has the potential to ultimately replicate the current level of service provision, albeit most likely with a different provider.

**Close the leisure centres and mothball the sites:** Although this option would bring a clean end to the contract, the existing assets would require ongoing maintenance of the buildings and deprive local residents of locations to pursue healthy activity and wellbeing for an indeterminate period of time.

**Lease the leisure centres to a new provider:** This option would mean the Council losing a significant opportunity to influence the provision of leisure services in the borough for decades to come, whilst nevertheless retaining ultimately responsibility for the assets.

**Close the leisure centres and sell/redevelop the sites:** Although this option might bring some financial benefit to the Council by way of a capital receipt, it would take

time (and cost) to develop but equally deprive local residents of locations where they could readily pursue healthy activity and wellbeing.

All four alternative options were discounted in favour of insourcing.

**'CALL IN' OF DECISIONS OF THE CABINET**

This form is to be used for the 'calling in' of decisions of the above bodies, in accordance with the procedure set out in Part 4 Section H.2 of the Constitution.

<b>TITLE OF MEETING</b>	Cabinet
<b>DATE OF MEETING</b>	Tuesday 5 <sup>th</sup> December 2023
<b>MINUTE No. AND TITLE OF ITEM</b>	37. Leisure Management

**1. Reason for Call-In/Is it claimed to be outside the policy or budget framework?**

Reasons for call-in:

- The decision to insource leisure services has been taken without providing evidence to decision makers and the public that the council has rigorously examined whether this decision provides best value for money for Haringey taxpayers.
- The decision has been taken on the basis of a vague list of benefits of insourcing, with no effort made to quantify the costs and benefits of different options.
- There is no scoring system between the various options.
- No information has been provided to Cabinet about the comparative cost of a new leisure management contract in the immediate term, despite several providers displaying interest.
- No attempt has been made to interrogate the ongoing costs of running leisure services in-house or under a new contract, despite Haringey's overall poor financial position.
- The report of the external consultant's financial modelling was referenced at the bottom of the cabinet paper, but wasn't included with the report – even as an exempt paper.
- No option was considered for a joint contract with another authority such as Enfield, who have also had issues with Fusion.
- No consideration has been given to the fact that an in-house provision means current members of external providers won't be able to use Haringey leisure centres under their existing membership, whereas if a provider that currently provided the service locally were chosen (e.g. Better, who run services in Camden and Islington) then visit rates are likely to increase as existing members could also visit Haringey.
- Residents were not consulted or even asked on their views about who should run the service, with the deputation from the Park Road Lido User Group highlighting significant concerns about insourcing the service.

The council has clearly failed to robustly demonstrate that insourcing leisure services will provide Best Value for Money for residents nor would provide an overall better service for residents than other options, and Cabinet was not provided with sufficient information to take an informed decision; and therefore the decision falls outside the Policy Framework.

A call-in would allow a pause on the decision and further scrutiny in detail on the options proposed, and would also allow clarity on whether the decision falls within the budget framework.

## **2. Variation of Action Proposed**

The council should publish a cost / benefit analysis between the five options presented in the Cabinet paper including a financial risk assessment spanning five years which would present best- and worst-case scenarios for each option, perform a robustly and independently graded scoring system between the five options in the Cabinet paper, and consult with key stakeholders and residents before taking a final decision on which option to take. Only when this is completed would the decision satisfy the policy and budget framework.



**Signed:**

Councillor Luke Cawley-Harrison

**Countersigned:**

1. Councillor Alessandra Rossetti
2. Councillor Dawn Barnes
3. Councillor Scott Emery
4. Councillor Nick da Costa
5. Councillor Marsha Isilar-Gosling

**Date Submitted:** 11/12/2023

**Date Received :**

(to be completed by the Democratic Services Manager)

Notes:

1. Please send this form to:  
Ayshe Simsek(on behalf of the Proper Officer)  
Acting Democratic Services and Scrutiny Manager  
5th Floor  
River Park House  
225 High Road, Wood Green, London N22 8HQ  
Tel: 8489 2920  
Fax: 020 8881 5218

This form must be received by the Acting Democratic Services and Scrutiny Manager by 10.00 a.m. on the fifth working day following publication of the minutes.

2. The proper officer will forward all timely and proper call-in requests to the Chair of the Overview and Scrutiny Committee and notify the decision taker and the relevant Director.
3. A decision will be implemented after the expiry of ten working days following the Chair of Overview and Scrutiny Committee's receipt of a call-in request, unless a meeting of the Overview and Scrutiny Committee takes place during the 10 day period.
4. If a call-in request claims that a decision is contrary to the policy or budget framework, the Proper Officer will forward the call-in requests to the Monitoring Officer and /or Chief Financial Officer for a report to be prepared for the Overview and Scrutiny Committee advising whether the decision does fall outside the policy or budget framework.

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**Report for:** Special Overview & Scrutiny Committee Meeting - 3 January 2024

**Title:** Call-In of a decision taken at Cabinet on 5 December 2023 on Leisure Management

**Report authorised by:** Barry Francis, Director of Environment & Resident Experience

**Lead Officer:** Zoe Robertson, Head of Place, [zoe.robertson@haringey.gov.uk](mailto:zoe.robertson@haringey.gov.uk)

**Ward(s) affected:** All

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

**1. Describe the issue under consideration.**

1.1 On 5 December 2023, Cabinet agreed the following recommendations in a report presented to them:

1.1.1 Having considered the available options presented, Haringey Council's leisure services shall be brought back inhouse as described in Option 5 (section 6.32), for the reasons set out in this report, including the TUPE process for Fusion's Haringey workforce.

1.1.2 Following the serving of the 12 months' voluntary termination notice on Fusion Lifestyle on 3<sup>rd</sup> October 2023, inhouse leisure service provision shall commence no later than 2<sup>nd</sup> October 2024.

1.1.3 The revenue budget and capital programme implications of the decision to insource be included in the draft Medium Term Financial Strategy for 2024/25.

1.1.4 The decision to novate any or all the related contracts (including those considered as key decisions) from the existing service provider to the Council be delegated to the Director of Environment and Resident Experience.

1.2 Following a Call-In of that decision made in accordance with Council procedures, this report provides further information to support the Overview and Scrutiny Committee's (OSC) consideration of the issues raised in the Call-In.

**2. Cabinet Member Introduction**

2.1 My introduction to the original report considered by Cabinet on 5 December 2023 sets out the case for that decision. This report deals with the specific points raised by the Call-In.

2.2 It is disappointing that this decision has been called-in as insourcing the leisure service is a significant opportunity for the Council to improve services for residents, to improve working terms and conditions for its staff and provide employment and development opportunities for our residents. Insourcing this

service is in line with the manifesto commitment made by Haringey Labour in 2022 and the mandate we were elected upon and where Labour gained seats in the borough.

- 2.3 Haringey Council has already demonstrated that it can insource leisure services; the leisure service at New River - which were brought inhouse just two years ago - has shown what a Labour council can do when it collaborates with and listens to its residents – responding directly to their views and making services inclusive to the diverse communities in our borough. Since August 2021, the Council has improved the services and the facilities on offer and increased the financial performance of the New River site.
- 2.4 Haringey Council has ambition for a tailored service that meets the needs of Haringey residents. We can deliver a service that can be integrated and adapted as required to deliver continuous improvement for residents. The best way to do this is through direct control of services, not through a restrictive and inflexible contract that fixes us into a model of delivery for a long period of time.
- 2.5 The outcome of this extensive piece of work was contained in the report that went before Cabinet on 5 December 2023.
- 2.6 I confirm my view that nothing raised in the Call-In or set out in this report changes my view that the decision taken on the 5 December is the correct one and should be upheld.

### **3. Recommendations.**

- 3.1 On the basis of the information provided in the Cabinet report of 5 December and in this report, it is recommended that the Committee reject this Call-In and take no further action.

### **4. Reasons for decision.**

- 4.1 N/a

### **5. Alternative options considered.**

- 5.1 N/a

### **6. The Decision and the Call-In**

- 6.1 On 5 December 2023, Cabinet approved the recommendations set out in the report entitled 'Leisure Management'. The decision and the report are available on the Council's website and a corresponding weblink is provided in Section 22: background papers.
- 6.2 Following the issuing of the draft minutes for the Cabinet meeting, a Call-In of that decision was received and validated, in line with agreed Council procedures. Accordingly, the matter is now to be considered by the Overview

and Scrutiny Committee. Sections 7-17 of this report describe and respond to each of the reasons given for the Call-In.

7. **Call-in issue a) The decision to insource leisure services has been taken without providing evidence to decision makers and the public that the Council has rigorously examined whether this decision provides best value for money for Haringey taxpayers.**
- 7.1 The options presented to the Cabinet went through a rigorous financial analysis in the preparation of the report and its recommendations. Officers worked with FMG Consulting Ltd (FMG), independent specialist consultants, to cost a range of options, including pricing an inhouse service and developing a comparable estimate of what a market bid for a replacement contract might be. This was then tested and challenged in collaboration with colleagues in Finance to ensure it was robust.
- 7.2 In preparing the Cabinet Report presented on 5 December 2023, officers decided to summarise the cost headlines rather than provide details of the financial model. The reason for this was that the cost modelling would need to be provided in a Part B exempt report, due to the commercial and contractual sensitivity of the information in the model. To keep the whole report in the public domain, it was decided to use headline cost totals, rather than complex and confidential analysis, which of necessity are extremely detailed and technical.
- 7.3 A key benefit to an inhouse service is the enhanced salary that can be offered to staff through improved terms and conditions and pensions compared to the private sector. The Council is committed to harmonising the leisure workforce onto the Council's terms and conditions and this is welcomed and supported by the Trade Unions. By contrast, Fusion does not recognise the Unions, nor does much of the leisure sector.
- 7.4 This workforce, a large proportion of whom are Haringey residents, can expect to have better training and progression opportunities with the Council, which will lead to a more motivated, loyal workforce, lower sickness rates, and a better standard of candidate for the service. The Council can also drive local employment opportunities, further benefiting residents in our communities. The improved terms and conditions for staff is the main driver of the price differential between an inhouse service and a new contract.
- 7.5 Assessment of what option provides 'best value' should not be solely limited to cost but must also consider the environmental and social value benefits. Given the Council's Net Zero carbon aspirations and the importance of the Wellbeing Model referenced in the Cabinet report of 5 December 2023, a more balanced approach was taken in setting out the pros and cons of the options available. Any procurement process aids the identification of which service provider might provide the cheapest offer – but not necessarily the one that provides best overall value to Haringey's residents. Last time, through the leisure management procurement and contract award process, the Council went for the cheapest option and outsourced - but it did not deliver the best outcomes for the borough.
- 7.6 The Council can provide services for local residents better than the commercial market as it understands the complexities between driving local economic growth and prosperity with an intent purpose of providing quality services that

are effective and affordable. In this way, the Council drives continuous improvements in service delivery. The most flexible way to achieve that is through direct delivery, rather than under the constraints of a fixed arrangement contract.

7.7 It should also be noted that a 'do nothing' option of continuing with Fusion under the existing contract would have led to a financial growth bid for 2024/25 in the region of £1m. This was required to account for the increase in energy and utility prices. The 'do nothing' option was not included in the options presented to Cabinet on 5 December 2023 as it was not viable because the Council had already given Fusion 12 months' notice of termination.

8. **Call-in issue b) The decision has been taken on the basis of a vague list of benefits of insourcing, with no effort made to quantify the costs and benefits of different options.**

8.1 This point is incorrect. The Cabinet report of 5 December 2023 was open about the costs of insourcing and explicit in listing the benefits.

8.2 The benefits of insourcing, as stated in the Cabinet report in section 6.32.1, include:

- The Council would have full control of leisure management and operation of the leisure centres, as well as full accountability for the service offer and performance.
- There would be optimal future flexibility in the design and shape of the service offer including integrating with the developing Wellbeing Model and targeting health inequalities.
- An ability to adapt to different policy and charging areas across the Council that, for example, would be otherwise restricted by an outsourced leisure management model (i.e., Option 1).
- An ability to change the operation as needed such as opening hours, pricing structures and/or targeting different groups. This would be challenging to achieve if Option 1 (a new contract) were to be pursued.
- Better terms and conditions for the workforce and ability to focus on recruiting locally.
- A consistent but far broader leisure service offer across the three leisure centres, New River Sport and Fitness and, in the future, Bull Lane.

8.3 These benefits are significant, particularly in the light of the current budgetary challenges of the Council. Having the service in the Council's direct control allows the service to be adapted, grown and flexed as necessary rather than locked into a restrictive contract with fixed costs over the next 3-5+ years.

8.4 The costs of the different options were discussed with key Cabinet Members in advance of Cabinet, as part of the preparation of the report, the proposed Medium Term Financial Strategy and the recommendations for both associated reports. Cost was just one part of the evaluation of the options (see paragraph 7.5 above and section 9 below).

8.5 The Council has spent many months preparing for the recommendation made to Cabinet on 5 December 2023. A robust governance framework was in place, including:

- Regular Leisure Management Strategic Group checkpoint meetings, chaired by the Director of Environment and Resident Experience, and attended by the Chief Executive, the Director of Finance, the Head of Finance and the Monitoring Officer, were held from January 2023 onwards.
- Regular meetings with FMG – commencing January 2023
- Enhanced high level meetings with Fusion – ongoing throughout 2023.
- Fortnightly meetings of the internal Leisure Management Working Group (chaired by the Assistant Director Direct Services, with cross-Council officer representation assessing six different workstreams) from April 2023 onwards.
- External stakeholder discussions with the private sector.
- Multiple discussions with other authorities – from February 2023
- Strategic Council Leadership meeting – considering leisure options - April 2023
- Commercial Board - May 2023
- Corporate Leadership Team (CLT) - June 2023
- Strategic Council Leadership meeting – considering leisure options - June 2023
- Internal services workshop – July 2023
- Overview & Scrutiny Committee - July 2023
- Cabinet - Decision to terminate the Fusion contract - July 2023
- Budget Fortnight – Development of the Wellbeing Model – July 2023
- Early market engagement exercise – August 2023
- Leisure Management Strategic Group checkpoint meeting – August 2023
- Leisure Management Strategic Group checkpoint meeting – September 2023
- Commercial Board – September 2023
- CLT - October 2023
- Strategic Council Leadership meeting - options update - October 2023
- Internal services workshop – November 2023
- Overview & Scrutiny Committee - November 2023
- Cabinet - decision to insource - December 2023

8.6 The tri-partite (Council, Fusion and Park Road Lido Users Group) meetings continued to be held on a monthly basis during 2023, updating the PRLUG representatives as appropriate.

9. **Call-in issue c) There is no scoring system between the various options.**

9.1 The approach to scoring the five available options (which excluded contract continuation with Fusion) were set out in paragraphs 6.24 to 6.49 of the report of 5 December to Cabinet. They considered each of the options in respect of risk and issue management in terms of:

1. Wellbeing Model
2. Workforce
3. Finance
4. Procurement
5. Performance
6. Mobilisation/operations.

- 9.2 Officers consider its evaluation approach to be consistent with, and using the key principles of, the Government’s 2021 preferred evaluation model development approach ‘Bid Evaluation Guidance Note’ (as referenced in Section 22: background papers). The Government’s focus on determining best value for money ensures equal consideration is given to evaluating social value, price and quality.
- 9.3 The option appraisal process was extensive and continually iterative as data and information were received, analysed and assessed in the period from the first Leisure Management Strategic Group in January 2023 up until the submission of the 5 December Cabinet report. The table below is an options review summary from October 2023 and shows the considerations on each of the 5 options alongside estimated financial impacts of each option (albeit they are numbered differently from how they appeared in the 5 December Cabinet report and, thereby, in this report).

### Options Review Summary



Option 1 Insource	Option 2 Award new contract	Option 3 Close leisure centres & mothball	Option 4 Lease sites to commercial provider	Option 5 Close leisure centres & sell sites
<ul style="list-style-type: none"> <li>Bring service inhouse and develop alongside wellbeing model</li> <li>Invest in centres to increase commercial potential</li> </ul>	<ul style="list-style-type: none"> <li>Early market engagement - contract needs to be minimum of 5 years (ideally 10 or 5+5)</li> <li>At least four providers interested in bidding for the contract – all with experience of pivoting to wellbeing models</li> </ul>	<ul style="list-style-type: none"> <li>No revenue savings due to NNDR, security and maintenance costs</li> <li>Avoids energy costs</li> <li>Avoids need for capital investment</li> <li>Focus on wellbeing model</li> <li>Cost pressure – Fusion’s redundancy costs</li> </ul>	<ul style="list-style-type: none"> <li>Sites leased to new provider – council withdraws from management</li> <li>Focus on wellbeing model</li> <li>No revenue savings until sites leased due to NNDR, security and maintenance costs</li> <li>Avoids energy costs</li> <li>Avoids need for capital investment</li> </ul>	<ul style="list-style-type: none"> <li>Sites sold – no leisure centres</li> <li>Focus on wellbeing model</li> <li>No revenue savings until sites sold due to NNDR, security and maintenance costs</li> <li>Avoids energy costs</li> <li>Avoids need for capital investment</li> <li>Impacts library &amp; CS centre</li> </ul>
<ul style="list-style-type: none"> <li>£1.5m (inc. pressure for energy)</li> <li>£10.6m+ capital investment over 10 years</li> </ul>	<ul style="list-style-type: none"> <li>£800k (= to energy increase)</li> <li>£10.6m+ capital investment over 10 years</li> </ul>	<ul style="list-style-type: none"> <li>No revenue savings</li> <li>Avoid/defer capital costs of £8.6m</li> </ul>	<ul style="list-style-type: none"> <li>Lease income – £200k TBC (Yr 2)</li> <li>Rev savings – up to £443k (Yr 2)</li> <li>Avoid capital costs of £8.6m</li> </ul>	<ul style="list-style-type: none"> <li>Capital receipts TBC (Year 2)</li> <li>Rev savings – up to £443k (Year 2)</li> <li>Avoid capital costs of £8.6m</li> </ul>
<ul style="list-style-type: none"> <li>£10.6m capital</li> <li>£900k rev growth</li> </ul>	<ul style="list-style-type: none"> <li>£10.6m capital</li> <li>£200k rev growth</li> </ul>	<ul style="list-style-type: none"> <li>£1.7m capital</li> <li>£TBC redundancy</li> </ul>	<ul style="list-style-type: none"> <li>£1.7m capital</li> <li>£643k rev saving</li> </ul>	<ul style="list-style-type: none"> <li>£1.7m capital</li> <li>£443k rev saving</li> </ul>

- 9.4 When the options for New River Sport and Fitness were explored in 2021, the Enabling Review Framework was used. Through that process, the task was to identify which options warranted further consideration and which options were deemed non-viable. In essence, that same process was followed in Section 6 of the Cabinet report of 5 December. However, for the sake of completeness, the five options for the future of leisure management could be assessed in a similar manner to the New River approach (adapted to meet changes to priorities/terminology) which considered the go/no-go decision on the basis of the following seven criteria:



1. Time – the Council, having taken a decision to end the contract with Fusion, needed to deliver a viable alternative within the 12-month timeframe for the voluntary termination.
2. Corporate Delivery Plan (CDP) objectives – to what extent does each option allow the Council to match the leisure service against these. [N.B. In the New River assessment, this was against the former ‘Borough Plan’].
3. Level of control – how much control / influence will the Council have over the running of leisure service for each option.
4. Risk – how much risk is there in implementing the option successfully.
5. Risk - the level of residual risk for the Council in terms of implications in the short-term and longer-term liability.
6. Cost – the cost to implement this option.
7. Cost - the longer-term cost implications for the Council.

9.5 The above and the content of Section 6 of the Cabinet report is considered to translate into the following table:

	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Option 5</b>
	New contract	Mothball	Lease the sites	Sell/ Redevelop	Insource
Time to act	Okay	Okay	Unlikely	Highly unlikely	Okay
CDP	Medium	Low	Low	Low	High
Control of leisure	Medium	Low	Low	Low	High
Delivery risk	Low	Medium	Medium	Medium	Medium
Residual risk	Medium	High	High	High	Medium
Short-term cost	Medium	Low	Low	Medium	High
Long-term cost	Medium	Medium	Low	Low	Medium
Go/No-Go	Pass	Fail	Fail	Fail	Pass

9.6 As in the case of New River Sport and Fitness, this reduced the options considered as potentially viable down to just two. Applying the next stage of assessment for the two ‘pass’ options against the model used for New River Sport and Fitness gives the outcome shown in the table below where scores can range from 0 for low and 4 for high, with the three most important criteria having a double weighting, leading to a maximum score of 8. When the leisure options appraisal criteria referred to in paragraph 9.1 above and detailed in Section 6 of the 5 December Cabinet report is applied to the Enabling Review Framework, there is consistency in evaluation and consideration.

9.7 The table below indicates the scoring breakdown of the leisure options appraisal criteria when applied to the Enabling Review Framework

Enabling Framework Criteria	Leisure Options Appraisal Criteria	Weighting	New contract	Insource
Affordability and value for money	Financial	1	4	3
Performance and service quality	Performance	2	6	8
Capability	Mobilisation	1	3	3
Organisational capacity	Operations	1	3	3
Social and environmental values	Wellbeing Model	2	4	8
Timing	Procurement	2	8	8
Market conditions	Procurement	1	3	3
Risk	Mobilisation/ Operations	1	3	3
<b>Total Score</b>			<b>34/44</b>	<b>39/44</b>
<b>Percentage</b>			<b>77.2%</b>	<b>88.6%</b>

- 9.8 These tables provide a graphical interpretation of the narrative provided in the Cabinet Report of 5 December 2023. The above representation indicates that insourcing would be the preferred model based on a scored approach.
10. **Call-in issue d) No information has been provided to Cabinet about the comparative cost of a new leisure management contract in the immediate term, despite several providers displaying interest.**
- 10.1 Early market engagement was conducted as part of the analysis of the options and preparation of costs. Four providers responded and were positive about the opportunity presented by a new contract. Some concern was raised by providers about the condition of the assets and short proposed term of the contract (2-5 years). It was recognised that investment in the centres will lead to increased revenue through income, but these can take years to develop and realise.
- 10.2 The early market engagement process was not designed to get indicative contract costs. This work was done through detailed modelling and analysis with FMG. This modelling estimated that a new contract would cost an additional £250k per year on top of existing leisure management budgets to deliver. Many authorities have chosen to end their contractual relationship with Fusion at this time – some through early exit, others by contracts merely expiring - which reduces the market's capacity to not only bid for new contracts but also to service them to the standard that the Council would wish and Haringey residents rightly deserve. Thus, bidding for contracts may not necessarily drive value and, in a volatile market, it would be prudent to consider adding a 20% contingency to the total overall operating costs of an external service provider who would also price for risk. This would potentially close the gap between an insourced service (over

which there is control and flexibility) and an outsourced one (far more constrained) to circa £500k.

11. **Call-in issue e) No attempt has been made to interrogate the ongoing costs of running leisure services inhouse or under a new contract, despite Haringey's overall poor financial position.**
  - 11.1 This is incorrect. Financial analysis conducted by the corporate Finance Team has been crucial to understanding operational costs and budgeting for the new inhouse leisure service. FMG has used this financial insight in building the costed models for both an inhouse and contracted service. These models were subjected to rigorous and robust interrogation and the Council's Section 151 Officer was part of the Leisure Management Strategic Group of officers overseeing the development of the options.
  - 11.2 The Council already has experience of running inhouse leisure services, as seen at New River. Since taking New River inhouse, the service has been transformed into one that is performing well, bringing a more diverse range of people into the centre and increasing financial performance. Officers have used their expertise and knowledge to see where savings could be identified in the proposed inhouse model, looking at different opportunities for generating income and reducing operating costs. The service needs to be under direct control to realise these opportunities.
  
12. **Call-in issue f) The report of the external consultant's financial modelling was referenced at the bottom of the cabinet paper but wasn't included with the report – even as an exempt paper.**
  - 12.1 The FMG financial models, as referenced in the Cabinet report of 5 December, were not included in the report due to commercial and contractual sensitivities. Information in the FMG report was summarised in the Cabinet report to enable the entire Cabinet report to be available to the public.
  - 12.2 The Council's constitution, Part 4, Section D "Access to Information Procedure Rules", section 8.2 notes that Background Papers do not include published works or those which disclose exempt or confidential information (as defined in Rule 10), or the advice of a political adviser.
  
13. **Call-in issue g) No option was considered for a joint contract with another authority such as Enfield, who have also had issues with Fusion.**
  - 13.1 The option of a joint procurement with Enfield Council was explored extensively earlier in the review process, when it became known that Enfield Council was also considering leaving its contract with Fusion. High level discussions between the boroughs were held, including between the respective Leaders, Chief Executives, Directors, Strategic Procurement and service leads.
  - 13.2 The option was discounted for the following reasons:
    - In preliminary discussions with Enfield Council, its officers indicated it had little or no resource to offer for any joint procurement work, meaning that it would be left to Haringey Council officers to procure an all-embracing external service provision for both authorities.

- The Cabinet report of 11<sup>th</sup> July regarding a 'Leisure Review' provision indicated that service delivery options would be assessed, and Strategic Procurement would assist in this process and ensure alignment with the Public Contract Regulations 2015.
  - The timescales for our procurement did not match – Enfield Council gave notice to Fusion on 18<sup>th</sup> September with the new contract commencing on 3<sup>rd</sup> December. Although Haringey Council advised Fusion on 12<sup>th</sup> July that it wished to end its contract, the 12 months' notice was formally served on 3<sup>rd</sup> October 2023.
  - Enfield has a significantly larger leisure operation than Haringey, with seven centres compared to our three. Operationally, this could have left Haringey disadvantaged.
14. **Call-in issue h) No consideration has been given to the fact that an inhouse provision means current members of external providers won't be able to use Haringey leisure centres under their existing membership, whereas if a provider that currently provided the service locally were chosen (e.g. Better, who run services in Camden and Islington) then visit rates are likely to increase as existing members could also visit Haringey.**
- 14.1 The option of awarding a new contract would be open to full market competition. The scenario of residents being able to use facilities in neighbouring boroughs would only apply if the contract was competitively won by Greenwich Leisure Limited (GLL) operating under the brand 'Better'. As seen by the early market engagement, GLL would be just one of several companies likely to bid for the new contract, if indeed they did decide to bid for the contract.
- 14.2 The market is currently volatile with many contracts changing hands, and capacity to bid and mobilise new contracts is likely to be stretched. The option for residents to use facilities outside of the borough was not viewed as a priority in preparing the recommendations, particularly as it could not be guaranteed through a competitive tender process.
15. **Call-in issue i) Residents were not consulted or even asked on their views about who should run the service, with the deputation from the Park Road Lido User Group highlighting significant concerns about insourcing the service.**
- 15.1 Consultation and engagement with residents is a key priority for the Council in the preparation of the new service offer for October 2024 onwards. Notice was given to Fusion in October 2023, with a contractual end date of October 2024. Given this timeline, it was imperative that a decision was made on the future operating model for the leisure service as quickly as possible. This is because both of the two more viable options (insourcing or a new contract) required at least a nine-month period to action. As such, timeframes did not allow for this engagement to take place in advance of a decision on the future operating model.
- 15.2 Officers are planning extensive engagement with service users, non-users, stakeholders and partners early in 2024. This is in-line with the Haringey Deal and will help shape the service design going forwards.

- 15.3 In their regular meetings with officers and Fusion representatives, the Park Road Lido User Group has repeatedly expressed its disappointment with the service being provided by Fusion. Through those meetings, officers are well aware of the expectations of that group.
- 15.4 At the Full Council meeting on 13<sup>th</sup> February 2023, representatives of Haringey Aquatics advised that they had no faith in Fusion to run the borough's leisure centres. By contrast, there have been many calls from residents for the Council to insource the leisure service and, likewise, the decision taken by Cabinet on 5 December has been welcomed by many residents across the borough.
16. **Call in issue j) The council has clearly failed to robustly demonstrate that insourcing leisure services will provide Best Value for Money for residents nor would provide an overall better service for residents than other options, and Cabinet was not provided with sufficient information to take an informed decision; and therefore the decision falls outside the Policy Framework. A call-in would allow a pause on the decision and further scrutiny in detail on the options proposed, and would also allow clarity on whether the decision falls within the budget framework.**
- 16.1 The premise that insourcing does not provide best value is not accepted, for all the reasons presented in this report, and in the Cabinet report of 5 December 2023. To reiterate the comments made in paragraphs 7.5 and 9.6, best value should not be assessed on financial grounds alone. Best value includes social and environmental factors, as well as financial.
- 16.2 Irrespectively, extensive financial modelling has taken place on the options presented with FMG and this was challenged by officers in the service and in Corporate Finance.
- 16.3 A systematic, collaborative and detailed approach was taken to engaging with the Cabinet and Cabinet Member in the preparation of the report and recommendations. Officers have completed the detailed analysis in their preparations and presented a summary of this to Cabinet.
17. **Variation of action proposed: The council should publish a cost / benefit analysis between the five options presented in the Cabinet paper including a financial risk assessment spanning five years which would present best- and worst-case scenarios for each option, perform a robustly and independently graded scoring system between the five options in the Cabinet paper, and consult with key stakeholders and residents before taking a final decision on which option to take. Only when this is completed would the decision satisfy the policy and budget framework.**
- 17.1 Officers believe that robust service and financial analysis has been completed within a strong governance framework, and falls within the Council's Insourcing Policy. As stated in this report, the reason the financial models were not published in full is due to the commercial and contractual sensitivities of the information in the model.
- 17.2 The Council has a demonstrable track record of insourcing leisure services, as seen at New River, and turning around these services to improve the diversity

of services on offer and increase the financial performance of the site. Insourcing further leisure facilities is a clear continuation of this approach.

- 17.3 The contract with Fusion is ending on 2 October 2024. Consultation with stakeholders and residents will take place in early 2024, but it cannot hold up the decision making on the future operating model for leisure or there will be insufficient time to mobilise a new service (or provider) by October 2024. This would lead to service closures if mobilisation was delayed.
- 17.4 Consultation and engagement will enable the Council to listen to the feedback from residents and stakeholders on the future services provided and how they can be best tailored to the needs of our different communities. The question is not who provides these services but what services do our residents want available, and what are the qualities and values of this service.
- 17.5 Insourcing the leisure services is consistent with the Council's approach and brings real benefits. These include the ability to flex and improve service delivery, improvements for the workforce, and to deliver the Council's wellbeing agenda. Only a service under direct control can deliver these ambitions.

**18. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?**

- 18.1 The contribution of the decision regarding strategic outcomes was set out in the report to Cabinet on 5 December 2023.

**19. Carbon and Climate Change**

- 19.1 The carbon implications of the decision taken by Cabinet were highlighted in the Cabinet report on 5 December 2023.

**20. Statutory Officers' comments**

**Finance**

- 20.1 The Director of Finance & Section 151 Officer has been consulted in the preparation of this report. The financial implications of the decision taken by Cabinet were highlighted in the Cabinet report on 5 December 2023.

**Procurement**

- 20.2 Strategic Procurement notes the contents of this report. The Call-In primarily relates to a policy decision; therefore, Procurement comments are not applicable as this sits outside of the Procurement Contract Regulations.

**Head of Legal & Governance**

- 20.3 The legal implications of the decision taken by Cabinet were highlighted in the Cabinet report on 5 December 2023.

**Equality**

20.4 The equality implications of the decision taken by Cabinet were highlighted in the Cabinet report on 5 December 2023.

**21. Use of Appendices**

None

**22. Background papers**

Leisure Management Cabinet Report – 5 December 2023:

<https://www.minutes.haringey.gov.uk/documents/g10558/Public%20reports%20pack%2005th-Dec-2023%2018.30%20Cabinet.pdf?T=10>

Corporate Delivery Plan:

[https://intranet/sites/intranet/files/corporate\\_delivery\\_plan\\_-\\_january\\_2023.pdf](https://intranet/sites/intranet/files/corporate_delivery_plan_-_january_2023.pdf)

Policy Framework for Insourcing presented to Cabinet on 8 October 2019:

[https://www.minutes.haringey.gov.uk/documents/s111629/250919%20Insourcing%20Cabinet%20report\\_FINAL.pdf](https://www.minutes.haringey.gov.uk/documents/s111629/250919%20Insourcing%20Cabinet%20report_FINAL.pdf)

Insourcing Policy:

<https://www.minutes.haringey.gov.uk/documents/s111630/260919%20Insourcing%20Policy%20FINAL.pdf>

Council Constitution:

<https://www.minutes.haringey.gov.uk/documents/g7972/Public%20reports%20pack%2015th-May-2023%20London%20Borough%20of%20Haringey%20Constitution.pdf?T=10&Info=1>

Government's Bid Evaluation Guidance Note -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/987130/Bid\\_evaluation\\_guidance\\_note\\_May\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987130/Bid_evaluation_guidance_note_May_2021.pdf)

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