

MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON WEDNESDAY 3RD JANUARY 2024 7:12PM – 10:45PM

PRESENT:

Councillors: Alexandra Worrell, Simmons-Safo, Pippa Connor (Vice-Chair), Makbule Gunes and Matt White (Chair)

ALSO ATTENDING: Cllr Cawley-Harrison

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

The Chair outlined the process for the meeting and attendees noted this information.

2. APOLOGIES FOR ABSENCE

Apologies were received from Yvonne Denny.

3. URGENT BUSINESS

There were no new items of urgent business, the Chair noted the information provided in the supplementary pack.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

Gerard McGrath, Unison, attended the call in and made representations to the Committee on the insourcing option agreed by Cabinet. The following was noted:

- UNISON and the other recognised trade unions in Haringey Council welcomed the agreed clear plan to bring Leisure Services back under direct control. It would become more publicly accountable and transparent and inspire new confidence in residents, with meaningful leisure services they could rely on.
- The unions understood the inherent difficulties in privatising a critical service which should be delivered directly by the Council, along with the difficulties in allowing such an essential public service to be managed externally. Handing this to an external body, in this case, Fusion Lifestyle had been tried and had clearly failed spectacularly. Handing this contract to yet another private or external body would be a failure to learn from the original mistake. Accounts of 'near misses', particularly at Park Road, regarding the correct management of chlorine, had alarmed many members and

residents living next to this centre and those using the facilities during the various evacuations.

- UNISON members were already relieved that they would, from October 2024, be TUPE transferred and directly employed by Haringey Council, who meaningfully engaged with staff through various fora, including regular structured meetings. UNISON's experience of Fusion in Haringey was of appalling management practices, divisive tactics, and a complete refusal to engage in any way whatsoever with Unions to help improve working conditions.

- UNISON were confident that the current administration was adhering to its manifesto commitment to insourcing public services. The manner in which Fusion Lifestyle had run all the centres into the ground is reckless and contemptible for both its staff group and residents of Haringey, in particular, vulnerable people.

- UNISON looked forward, as always, to working with the Council in welcoming their members and other Fusion employees back to an employer who would treat them with respect, provide meaningful career progression opportunities and help members acquire additional skills to enable them to explore other options in planning their career paths. This could only lead to a better Leisure offer for all residents throughout the borough.

The following was noted in response to questions from members:

- Cllr Simmons-Safo thanked Unison for their deputation and concurred with the information shared.
- Cllr White sought clarification around Fusion and trade unions, and it was explained that Fusion did not recognise trade unions.
- At present, the difference between the Council and Fusion was Unison would only be allowed to come in at the investigation stage of a grievance process.
- There were wider benefits of insourcing, Unison had spoken to members in Fusion and there was an immense morale issue

Councillor Arkell responded to the deputation; the following was noted:

By bringing leisure services in-house, members would make sure that they were publicly accountable and democratically run. Councillor Arkell was concerned about the way Fusion had managed the leisure centres, the treatment of staff and vulnerable, elderly, and disabled residents. One of the key benefits of insourcing the leisure service was the enhanced salary that could be offered to staff through improved terms and conditions and pensions. The Council recognised the challenges of bringing in approximately 77 members of staff into Haringey Council. It would represent a significant cultural exercise to induct and train staff onto the Council's policies, procedures, and values. Communications with incoming staff would be critical to achieve a smooth transition. Staff engagement, including one to one support, would be offered.

Public questions:

Katie Ferguson, Park Road Lido Group asked the following questions and response included below of the later Cabinet member response in the discussion of the call-in report.

How much would it cost to run the Lido per annum?

The Council had costed up the operation at Park Road as a whole. The Lido had not been separated out as there likely would not be an eventuality where the Lido would operate as a separate entity from the rest of the operations at Park Road.

Do you know how much the energy saving measures reduced this cost?

There would be 15-20% reduction in energy consumption which was built into costs.

Have the Lido income generation figures been modelled?

Generation figures had been modelled based on the information gained from Fusion. Officers would continue to model that and project income streams between now and October 2024 when the contract with Fusion finishes. It was an iterative process into the future, and it would look into both profit and loss management at the centre.

If there was a funding gap, do you have a plan for how this would be financed?

Due to the high running costs, pools across the country required subsidising through other income streams; usually generated through different sales or different products and services. Officers were committed to improving the standard of the operation at the Lido. The scenario modelled was the most likely in respect of risk to income and to pipeline customer base, but there was also a contingency available in event of financial impacts that materialise outside of expectations or unplanned events.

6. CALL IN LEISURE MANAGEMENT CABINET DECISION

Cllr Cawley-Harrison presented his call-in and the following was noted in his presentation:

- The reason for the call-in was that there was insufficient information provided to the Cabinet to make an informed decision. The decision was taken without evidence that insourcing provided value for money and providing value for money was a core part of the policy framework.
- He contended that the Cabinet report provided no effort to quantify the costs and benefits of the different options. Cabinet was not provided with information about the comparative costs of a new leisure management contract in the immediate term. As details of the finances were not provided even under an exempt report, the external advice was not included. There was no consideration of a joint contract with another authority and residents had not been consulted about who should run the service. Given the poor financial position of the Council, Cabinet needed to consider not only whether the higher cost of insourcing could be justified, but whether this model of leisure delivery was more important than other services that it may sacrifice because the additional cost of insourcing would mean cuts to other services. Councillor Cawley-Harrison hoped that this would be sent back to Cabinet for them to make the decision again with all the information available.

There were questions from the Committee on the call-in and Cllr Cawley-Harrison responded as follows:

- The information provided in the original Cabinet report did not provide sufficient levels of detail to evidence the fact of whether this was offering value for money. As the report indicated, value for money was not necessarily the only reason for decision making. It was believed that it fell outside of policy framework.
- There would be an expectation that all information would be in a written report and listed as exempt if it contained commercially sensitive information. There was reference to a third-party analysis that considered all the options, but this analysis was not included in the report. There was also no evidence in the report that the Cabinet Members were given that information. It was imperative that all key information had been given to Cabinet Members.
- Transparency was a key factor in this call-in. There was a weighted comparison between the options with a scoring system which had not been provided in the Cabinet report but had been provided in the response to the call in. The scoring system indicated that there was less risk to performance from the Council, insourcing versus using an external provider. Other than New River, the Council did not have leisure service experience. New River did not have a pool or a Lido, and the Council still did not have the experience of directly running those services, whereas an external provider would provide this expertise.
- All decisions would carry risk, and one of the requests in the call-in would be to complete a 5-year risk analysis.

Cllr Arkell responded to the call-in, and the following was noted:

Cllr Arkell believed that Cabinet's decision fitted within both the policy and budgetary framework. The provision of leisure services was key to helping residents in the future to enable them to lead active and healthy lives, whilst also tackling the wider determinants of ill health such as social exclusion and loneliness. This insourcing would be an opportunity to collaborate with communities to provide better services. It was a decision which would give residents more control. Insourcing this service was in line with the manifesto commitment made by Haringey Labour in 2022. New River, which was insourced in 2021, had shown what the Council could do when it collaborated and listened to its residents, responding directly to their views, and making services inclusive to the diverse communities in our borough. Assessment of what option would provide best value should not be solely limited to cost but would 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 in December 2023, members had chosen to take a balanced and holistic approach in assessing the pros and cons of the options available in the future. She confirmed that nothing raised in the call-in changed her view.

The following was noted in response to questions from the Committee on the call-in response.

- Officers had attempted to show the matchup between the descriptive text that was within the Cabinet paper, the itemisation, and how it would appear if it was put through the enabling framework criteria. Officers were in an unusual position, effectively and would have had to dissect an operator's cost model. In

terms of where best value would come from as an organisation and what the capital investment and revenue might be, there were sensitivities around how that information could be displayed, even in a confidential environment.

- In terms of the scale and size of the background report, there were around 264 single spreadsheet tabs, all of which contained multiple layers of itemised information and data, assembling that wouldn't be accessible for readers. The Cabinet paper was a product of that third party analysis. The Cabinet paper set out the rationale for the recommended option, in terms of the financial implications and in terms of the wider best value, benefits, and opportunities around insourcing. The intention was that the Cabinet paper itself offered a significant enough summary that there was not a need to go further into those 264 spreadsheets.
- On the options review summary, effectively this was a snapshot summary of the evaluation work at a point in time. This exemplified that the award of a new contract was anticipated to cost roughly £200,000 revenue increase on top of what the Council was paying for Fusion. There was also still a need to invest in updating the properties in the Leisure portfolio and this needed capital investment even if a contracted service.
- Referring to section 9.5 of the call-in report and the weightings applied, this was a pictorial reflection of the options 2, 3 and 4 included in the Cabinet report. The weightings applied replicated the New River Sport and Fitness approach taken.
- There were some clear commercial sensitivities that were still ongoing with Fusion. The Council was respecting that confidentiality as the two parties move towards the end point in October 2024.
- There was assurance given that the Park Road Lido would be kept open and the Council would invest in this provision and there would be detailed conversations with all residents. This would be completed in several stages; the first stage would be a broad-brush approach. This would ensure that as many residents as possible were engaged with. Once this level of engagement was complete, the next stage would be having internal conversations around how the Council could then shape services going forward.
- The Haringey Development Vehicle call-in was a different exercise. Officers were not doing an options appraisal regarding what would be done to leisure services in the same way as assessing the HDV which was a full-scale procurement exercise. This was an evaluation conducted by an external organisation for the Council to consider a range of aspects. This was in terms of what represented best value, not just financials, but also the wider social impacts, the wider environmental impacts, and the operational determinations of each of those five options. There had been a range of sessions internally that had looked at the information coming back from FMG, which had been iterative.
- There had been briefing sessions to the wider Cabinet at different points within the process. Within that, officers had given a snapshot from a financial perspective on each of the options available.
- Concerns about the status of the wellbeing model referred to as this was not located as Council policy and the web links referenced in the Cabinet report were not accessible. In response noted, that the services were geared to working on the wellbeing model and this was a justified model that would provide a better service for residents.

- The predominant reason for that increased cost was because of staff salaries and terms and conditions being better with the Council as an employer than they were in the private sector. Also need to consider that having a cheaper cost did not mean a better service.

Deputy Monitoring Officer:

The Committee noted the report from Deputy Monitoring Officer which advised that the Cabinet decision fell within the Budget and Policy Framework. In response to a question from Cllr Cawley- Harrison, the requirement for Council to produce the best value performance plan fell away eight years ago. There was a piece of work to update the Constitution in which there would likely be removal of the reference to the best value performance plan.

Representative of the Director of Finance:

The Cabinet decision to insource leisure services on the 5th of December 2023 did not commit the Council to revenue or capital expenditure in future expenditure as this was subject to Full Council decision in March 2024. Therefore, the decision for the next financial year had not yet been made for it to be outside the Budget Framework. Finance officers concluded it was within the within the Budget Framework.

At 9.37pm, the Overview and Scrutiny Committee AGREED to exclude the press and public to consider the exempt background information and further deliberate on the call in decision. They further AGREED to invoke CSO 63 and suspend CSO 18 to allow the meeting to go beyond 10pm and to conclude the call-in decision making.

The Committee returned after consideration of the exempt information and deliberations and

RESOLVED

1. To agree that the 5th of December Cabinet decision on Leisure Services was inside the Budget and Policy Framework.
2. That no further action is to be taken, meaning that the key decision could be implemented immediately. This was following a vote of 4 members in favour of this resolution and 1 against.

The reasons provided for resolution 2, were that, following consideration of the deputations, attached reports, exempt information and information shared at the meeting, the Committee was confident that the Cabinet had all information it needed to make its decision. Value for money had been dealt with by information provided by the officer report. Also, the Committee focused on the fact that the decision was not just about financial value but the other benefits that were provided by the various options in the papers.

CHAIR: Councillor Matt White

Signed by Chair

Date