

Report for: Overview and Scrutiny Committee – 27th November 2023

Title: Leisure Management

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

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Ward(s) affected: All

1. Describe the issue under consideration.

1.1 This paper provides a summary of the current position regarding the provision of leisure management within Haringey and the steps being taken to enhance that provision.

2. Background information

2.1 In February 2011, the Council approved a new strategic direction for sports and leisure provision, with the aim of:

- Reducing the cost of providing the service.
- A much greater focus upon outcomes.
- Concentration on what we provide rather than who provides it.
- Focusing more on the user than the buildings and facilities.
- Increasing the involvement of the voluntary and community sector
- Transferring some or all of the asset, demand and financial risk onto other parties.

2.2 A detailed options appraisal concluded that the Council could achieve better value for money by contracting with an existing trust or private sector operator, on the basis that:

- It will provide a greater saving to the Council.
- Offers better financial stability.
- There is a healthy market and interest in London.
- It transfers greater financial risk to other parties.
- There is no additional support staffing cost.
- There would be a more commercial approach to sales, marketing and branding.

2.3 On 18th September 2012, the Cabinet considered the externalisation of the Sports and Leisure Management Service undertaken at Tottenham Green Leisure Centre, Park Road Leisure Centre, Broadwater Farm Community Centre and White Hart Lane Community Sports Centre. A 20-year contract was awarded to Fusion Lifestyle Ltd ('Fusion') to manage these centres. However, in the case of the White Hart Lane facility, the award was initially just for three years with specific conditions, linked to proposed separate longer-term leasing and redevelopment of the site. This contract award also entailed the transfer of 93 Council members of staff.

- 2.4 Following contract award, there was a £14.7m investment in three of the centres – Broadwater Farm excluded - to modernise the facilities and create additional revenue added, through increased footfall.
- 2.5 With enhanced facilities and the focus that it brought to the leisure management service, Fusion significantly grew the usage of the leisure centres, both in terms of general population and key groups - beyond Fusion's bid predictions. In fact, participation almost doubled from 600k in 2014 to 1.1m in 2019.
- 2.6 However, 2017, 2018 and 2019 were tough years financially for Fusion as a whole and the service standard suffered, particularly in terms of repairs and maintenance. This increased the number of unplanned closures, complaints and led to a general lowering of the customers' overall experience. The Covid-19 pandemic then had a significant impact on all leisure centre operations across the country, due initially to restrictions on movement, then the imposition of social distancing and then a general reluctance of the public to attend such facilities following a sequence of lockdowns and lifting of restrictions. Due to reduced footfall, Fusion scaled back the size of the workforce at the leisure centres.
- 2.7 On 28th August 2020, the decision was taken to buy back the lease for the White Hart Lane Community Sports Centre – by then referred to as New River Sport and Fitness. The leasehold interest was acquired on 30th October 2020 with a short-term lease back to Fusion to allow it to continue operating the business whilst the Council decided the best option for the site going forward.
- 2.8 The range of options considered were:
- Sale of the site.
 - Leasing the site on similar terms.
 - Reintegration with the existing leisure management contract with Fusion.
 - Seek a new service provider through a procurement process.
 - Insource.
 - Deliver the leisure management service through a local authority trading company.
- 2.9 On 9th March 2021, almost a year after the first lockdown, a report was presented to Cabinet that recommended that the leisure service provided at New River Sport and Fitness be insourced. The report clarified that that this would entail the transfer of staff from Fusion, in conjunction with numerous other considerations. One of those was the need to continually invest in the site to both maintain and, where appropriate, improve the facilities at the site to generate increased footfall and achieve a balanced revenue budget.
- 2.10 Insourcing took place on 27th August 2021 during one of the toughest periods of trading for sport and leisure. The insourcing process was supported by supported by Digital Services, Corporate Landlord, Operational Facilities Management, Finance, Communications, Legal, Health & Safety, and Human Resources. The insourcing process was challenging due to the period of time

that had elapsed since the Council had run such services. However, the Active Communities Team focused on onsite commercial opportunities (such as joining the Power League) and the areas of social value identified in the 9th March 2021 Cabinet report which were:

- Employment and skills opportunities – work experience, placements, apprenticeships, coaching and leadership qualifications.
- Haringey Learning Partnership and other alternative education providers – opportunities for sport and physical activity, plus curriculum opportunities within the site's operation.
- Links with the new Autism Hub to provide sport and physical activity opportunities as well as opportunities to integrate with mainstream activities.
- Hub for summer holiday activity programme
- Afterschool activities in the key 3pm – 6pm time slot.
- Complement and enhance the offer from Wood Green Youth Hub
- Development of older persons' activity including activities for those with dementia.
- Real scope to ensure the new facility is inclusive to all and a positive place for people with additional needs to attend.
- Opportunities for people to transition from supported activity to independence.
- Opportunity to work with people on the CCG frailty pathway.

3 Fusion-run facilities

- 3.1 Following the cessation of Covid-19 enforced closures, the three centres that continued to be operated by Fusion have performed very differently. Park Road has outperformed its pre-Covid position, Tottenham Green had been operating at somewhere near 60% of its pre-Covid position whilst Broadwater Farm continues to have low levels of usage.
- 3.2 However, Tottenham Green Leisure Centre closed on 31st December 2022, following a flooding incident in the plant room which affected the high voltage power network for the site. 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 after repairs were undertaken to the low voltage electrical system.
- 3.3 Over that 3-to-4-month period, the Council received many complaints and deputations at Cabinet and Council meetings. In part, this was exacerbated by a temporary closure of the Park Road facility due to water quality control issues at the end of January 2023. Particular concerns were expressed by the Park Road Lido User Group and Haringey Aquatics. Historically, the borough has had insufficient swimming pool provision with circa 40% exported demand. The loss of the pools at Tottenham Green has therefore accentuated this shortfall during 2023.
- 3.4 Part of the problem at Tottenham Green is attributable to the electrical system being sited on the floor of the plant room – in contrast to the plant room at Park

Road where electrical distribution systems are on plinths. The Council and Fusion have pursued a re-design of the electrical system at Tottenham Green so that it is also on plinths to avoid a repetition of the loss of power in December 2022. This is highly specialist work that has then gone through a procurement process. The replacement of the high voltage electrical system was scheduled to run between Monday 20th November and Wednesday 22nd November, necessitating a three-day closure of the entire facility.

- 3.5 Compared with the relative success at New River Sport and Fitness, the loss of facilities at Tottenham Green and Park Road and the complaints received about the services provided at the three Fusion-run leisure centres, the aspirations of the 2012 were seemingly not being realised. Following consideration of the issue at its meeting on 11th July, the Cabinet determined that the leisure management contract with Fusion should come to a premature 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.
- 3.6 The Active Communities Team has engaged the independent specialist consultants, FMG Consulting, to explore these options. However, to fully understand the financial implications for each model, FMG required more detailed information from Fusion. As Council officers sought to acquire this without success, the decision was taken to formally serve 12 months' notice to Fusion on 3rd October 2023 to voluntarily terminate the contract. Upon this notice being served, some of the information was forthcoming within days.

4 The alternative options being considered.

- 4.1 'Doing nothing' is no longer a viable option, following the 12 months' notice being served. However, 5 other options are considered as available - having also discounted the option of operating the service through a local authority trading company, having only recently insourced Home for Haringey.
- 4.2 This report will not go into the detail of the pros and cons of each option, though. On 5th December 2023, a report will be presented to Cabinet with that assessment and a recommendation as to which option to potentially follow. However, in brief, the 5 options being considered are as follows:
- Option 1: Awarding a new leisure management contract.
 - 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.
 - Option 5: Insourcing Leisure Management
- 4.3 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, in conjunction with the work being delivered by FMG, been at the forefront of developing and considering the ramifications of the five options.

4.4 Officers are mindful of the date of the meeting of the Overview and Scrutiny Committee and the date of the release into the public domain of the report that will be considered by Cabinet on 5th December 2023. Both of these dates are the same – 27th November 2023.

4.5 To avoid complication and overlap, this report has been prepared as what will hopefully be interpreted as useful background and context for the Cabinet report. The Committee needs to bear in mind in the consideration of both reports that officers will not be able to pre-judge the decisions that the Cabinet will make on 5th December 2023.

5 Use of Appendices

None

6 Background papers

None, except for the previous Cabinet reports referenced in this report.