

Report for: Cabinet – 5 December 2023

Title: Leisure Management

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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 11th 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 3rd October 2023, inhouse leisure service provision shall commence no later than 2nd 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 11th 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 31st 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 11th 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 3rd 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 11th 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 2nd 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 CO₂e 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:

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

- 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