
Meeting	Cabinet Resources Committee
Date	4 th December 2013
Subject	Sport and Physical Activity (SPA) Review Outline Business Case
Report of	Cabinet Member for Customer Access and Partnerships, Cabinet Member for Public Health and Cabinet Member for the Environment
Summary	This report outlines how the Council could increase participation in sport and physical activity in the borough and options for the Council to achieve its Medium Term Financial Strategy savings targets for leisure services, including considering possible procurement options to replace the Council's current leisure services contract.

Officer Contributors	Kate Kennally, Director for People Elodie Durand, Project Manager, Corporate Programmes
Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	1. Appendix 1 Outline Business Case – Sport and Physical Activity Review
Contact for Further Information:	Elodie Durand, Project Manager elodie.durand@barnet.gov.uk

1. RECOMMENDATIONS

- 1.1 That the committee approve the Outline Business Case for sport and physical activity to review how the Council manages its leisure provision in the future.**
- 1.2 That the committee approve a budget of up to £186,000 from reserves to address the short-term gap in funding for the MTFs for 2014/15.**
- 1.3 That the committee note that the options set out in section 6 below for the medium term will be pursued and will be brought back to the Cabinet Resources Committee for consideration by June 2014.**
- 1.4 That the committee agree the development of a full business case to explore the options to re-procure the leisure management contract in the future and agrees a budget of £75,000 to develop the business case.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resource Committee, 27 September 2011 (Decision item 15) – approved the negotiation of terms, with the Contractor, Greenwich Leisure Limited (GLL), for termination of the current Leisure Management Contract.
- 2.2 Cabinet Resource Committee, 18 October 2012 (Decision item 15) – approved the Sport and Physical Activity Strategic Outline Case.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The three priority outcomes set out in the 2013/16 Corporate Plan are:
 - Promote responsible growth, development and success across the Borough
 - Support families and individuals that need it – promoting independence, learning and wellbeing
 - Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study
- 3.2 The three principles that underpin these priorities and the Corporate Transformation programme are:
 - A new relationship with citizens
 - A one public sector approach
 - A relentless drive for efficiency
- 3.3 The sport and physical activity review key strategic objectives support these corporate priorities with the review setting out to:
 - **Improve levels of participation in sport and physical activity within the borough by 3% (as measured by NI8) by 2015 to ensure that key**

public health objectives¹ are achieved. In particular, the Barnet Health and Wellbeing Strategy identifies a commitment to make better use of the range of green spaces and leisure facilities in the borough to increase levels of physical activity.

- Consider options to reduce the Council's expenditure on sport and physical activity services by looking at how the current Medium Term Financial Strategy (MTFS) **savings target of £967,000 per annum** can be achieved

4. RISK MANAGEMENT ISSUES

- 4.1 Risks associated with the delivery of this project are managed and reported in accordance with corporate risk and project management processes and will also be reported through existing democratic processes.
- 4.2 A risk assessment of the proposed options has been completed as part of the development of the outline business case.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Council and all other organisations exercising public functions on its behalf are required under the Equality Act 2010 to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 As part of the outline business case, initial consultation and engagement was conducted with a sample of Barnet's residents with representatives from the varied communities and user groups within the borough, including residents with protected characteristics, to understand their needs and views on the current and future leisure service provision.
- 5.3 An equality impact assessment (EIA) will be conducted as part of the full business case.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 To date, approved expenditure of £228,000 has been allocated to develop the business cases (SOC and OBC) for the project. A further £75,000 is required to develop the full business case.

¹ Inclusive of the health and wellbeing outcomes as incorporated into the current health and wellbeing strategy and public health commissioning strategy

- 6.2 The results of the SPA review conclude that the Council should take a three step approach to address its objectives:

Addressing 2014/15

- 6.3 The immediate MTFS savings target for 2014/15 will now be achieved through a review of the current contract with GLL to produce additional public health outcomes to the value as set out below and will therefore be funded through:

- £600,000 public health funds
- Up to £130,000 savings on the management fee paid to GLL
- The current budget for sport and leisure facilities includes a provision for any structural repairs for which the Council is responsible. With no structural repairs planned for 2014/15, this represents a saving of £181,000
- Remaining up to £186,000 funding from the Council's reserves to meet the MTFS £967,000 savings target

Options for the medium term: 2015/16 to 2017/18

- 6.4 For the remainder of the contract with GLL (which runs until 30 December 2017), the Council will reinforce its contract management approach to ensure better value for money and improved health outcomes by monitoring performance closely and holding GLL to account if performance standards are not met.

- 6.5 In addition to this action, the Council will further explore with GLL options to reduce the management fee paid by the Council as well as continuing to discuss the possibility of agreeing an early termination of the GLL contract, as previously approved by CRC². The outcomes of these discussions will need to come back to the Cabinet Resources Committee for consideration in June 2014

Longer term approach: post December 2017 (or sooner depending upon the success of early termination negotiations with GLL as outline in section 3.2)

- 6.6 The Council cannot continue with the current model for the delivery of sport and physical activity if it is to meet the objectives of the Sport and Physical Activity Strategy and achieve a reduction in expenditure. The Council will need to consider what is the best delivery model and mix of services when it comes to re-procure its leisure management contract.

- 6.7 This will be set out as part of the Full Business Case, which will be presented back to CRC in June 2014.

- 6.8 Procurement options: If the Council were to re-procure the leisure contract to come into effect post-December 2018, procurement will need to start

² Cabinet Resource Committee 27 September 2011

significantly in advance of this date to allow enough time to complete the required procurement activities.

7. LEGAL ISSUES

- 7.1 As part of the review, the Council commissioned legal firm Trowers & Hamlins to provide advice on the existing leisure contract with GLL.
- 7.2 In the case of a re-procurement as a result of negotiations with GLL and/or in order to have a provider in place by 1st January 2018 when the contract ends, the Council will also need to consider and comply with its Contract Procedure Rules (CPR).

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

- 8.1 Council Constitution, Part 3, Responsibility for Functions, paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including “approval of schemes not in performance management plans but not outside the Council’s budget or policy framework”.

9. BACKGROUND INFORMATION

- 9.1 The overall aim of the SPA review is to improve the participation levels of sport and physical activity within the borough. The project aims to review the Council’s role in the delivery of leisure services including a review of the current contract provision, provided by GLL; and consideration of future procurement options to assess how the MTFs savings target of £967,000 per annum can be achieved.
- 9.2 In parallel, the SPA review takes a wider strategic approach to SPA provision to ensure that key public health objectives are considered to ensure sustainably delivery in the long term. The core strategic outcomes expected from the SPA are:
- Improved levels of physical activity within Barnet, particularly in target geographical areas for both adults and children, leading to improvements in public health outcomes and general wellbeing.
 - Improved opportunities and access to sport and physical activities for individuals of all ages and abilities.
 - Evidence-based practices informed by public health review of evidence.
 - Optimised opportunities to improve the sport and physical activity landscape through planning gain and improvements to public realm via better understanding of need, supply, and demand on facilities.
 - A more coordinated approach to provision by external partners including ownership of a partnership-based sport and physical activity strategy by external partners.
 - Suitable governance arrangements to support the Council and key stakeholders delivering the SPA.
 - Reductions in direct expenditure by the Council on provision and services that could be provided through alternative provision, approaches and partnerships.

- 9.3 The contract with GLL started on the 31 December 2002 for a period of 15 years (expires 30 Dec 2017). The contract is set up in a way that means the Council subsidises GLL for the cost of running the Leisure facilities in Barnet. While another 3 years remain to run on the contract, the Council's MTFS for 2014/15 and 2015/16 sets a savings target of £967,000 per annum for leisure services, against a management fee of c. £1.2m per annum.
- 9.4 A sport and physical activity needs assessment was conducted in 2012 to support the development of a sport and physical activity strategy to provide strategic direction to shaping SPA provision in Barnet. The findings of a SPA needs assessment conducted in 2012 by Barnet have found that the current participation performance is poor compared to other London boroughs and England. Barnet is ranked 23rd out of 33 London boroughs for levels of adult physical activity, physical activity levels of school children in Barnet are below the national average and residents' overall satisfaction with the leisure provision is low.
- 9.5 A Strategic Outline Case (SOC) was approved by CRC in October 2012 to explore strategic options and outcomes required for new ambition for sport and physical activity; it clarified that a broader, holistic perspective is required to encompass sport and physical activity across Barnet. The SOC recommended that an Outline Business Case (OBC) be produced for further exploration and consideration of the potential options that will lead to improving the level of SPA and provide reduction in direct expenditure by Barnet on provision and services.
- 9.6 The OBC was informed by engagement with stakeholders (including the council's Place and People directorates, partners and providers) and residents, negotiations with GLL, a SPA needs assessment conducted by public health and input from further relevant parties such as legal and procurement advice.

10. LIST OF BACKGROUND PAPERS

Appendix 1: Outline Business Case – Sport and Physical Activity Review.

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	LC