

---

<b>Meeting</b>	Budget and Performance Overview and Scrutiny Committee
<b>Date</b>	9 December 2013
<b>Subject</b>	Sport and Physical Activity Review Project
<b>Report of</b>	Cabinet Member for Customer Access and Partnerships and Cabinet Member for Public Health
<b>Summary</b>	The Sport and Physical Activity Outline Business Case at Appendix 1 was approved at CRC on 4 <sup>th</sup> November 2013.

---

Officer Contributors	Elodie Durand, Project Manager, Corporate Programmes
Status (public or exempt)	Public
Wards affected	All
Key Decision	N/A
Reason for urgency / exemption from call-in	N/A
Function of	Budget and Performance Overview and Scrutiny Committee
Enclosures	Appendix 1: Outline Business Case – Sport and Physical Activity Review

---

Contact for further information: Elodie Durand, Project Manager, Corporate Programmes  
020 8359 5624, [elodie.durand@barnet.gov.uk](mailto:elodie.durand@barnet.gov.uk)

## 1. RECOMMENDATIONS

- 1.1 That the Budget and Performance Overview and Scrutiny Committee consider the Sport and Physical Activity Outline Business Case as approved by CRC on 4<sup>th</sup> November 2013 and make comments and/or recommendations as appropriate.

## 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.
- 2.3 Cabinet Resource Committee, 4 November 2013, agenda item 5 (Outline Business Case: Sport and Physical Activity Review) – approved the Outline Business Case.
- 2.4 The report was called in by the Business Management Overview and Scrutiny Committee on Monday 18th November. The decision from CRC was not referred back.

## 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 objectives<sup>1</sup> 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.

---

<sup>1</sup> Inclusive of the health and wellbeing outcomes as incorporated into the current health and wellbeing strategy and public health commissioning strategy

- Consider options to reduce the Council's revenue expenditure on sport and physical activity services provided by GLL 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.
- 5.4 In addition to the Terms of Reference of the Committee, and in so far as relating to matters within its remit, the role of the Committee is to perform the Overview and Scrutiny responsibilities in relation to:
- The Council's leadership role in relation to diversity and inclusiveness; and
  - The fulfilment of the Council's duties as employer including recruitment and retention, personnel, pensions and payroll services, staff development, equalities and health and safety.

## **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.

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 Council is in contract with GLL until 30 December 2017. It is proposed that the immediate MTFs savings target for 2014/15 is achieved in the following way:

- £600,000 one-off public health funding based on a revised contract monitoring and performance schedule for the GLL contract based on the achievement of public health outcomes
- 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

6.4 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.

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

6.5 Through the development of the full business case, 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 CRC<sup>2</sup>. 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**

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.

---

<sup>2</sup> Cabinet Resource Committee 27 September 2011

- 6.8 Procurement options: If the Council were to re-procure the leisure contract to come into effect post-December 2017, procurement will need to start 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 1<sup>st</sup> 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 The scope of the Overview & Scrutiny Committees is contained within Part 2, Article 6 of the Council's Constitution.
- 8.2 The Overview and Scrutiny Procedure Rules are set out in Part 4 of the Constitution.
- 8.3 The Terms of Reference of the Budget and Performance Overview Scrutiny Committee are contained within Part 4 of the Constitution (Overview and Scrutiny Procedure Rules). The Committee has the following responsibilities:

“To perform the overview and scrutiny role in relation to the One Barnet transformation programme, particularly performance and financial issues; with the exception of external contracts which are in the remit of the Contract Monitoring Overview and Scrutiny Committee;

To receive and consider options appraisals, business cases and closure report for the One Barnet projects; and

To monitor the implementation of the One Barnet programme throughout the programme lifecycle.”

“To engage with partner organisations, other relevant public sector bodies, private sector organisations, trade unions, local residents or any other appropriate witnesses when fulfilling the overview and scrutiny role in relation to the One Barnet programme”.

## **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 practice 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 4 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 23<sup>rd</sup> 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.
- 9.7 The Outline Business Case was approved by CRC on 4<sup>th</sup> November 2013.
- 9.8 The report was called in by the Business Management Overview and Scrutiny Committee on Monday 18th November 2013.
- 9.8.1 Reason for call in: The Outline Business Case is based on £600k of Public Health money that has not been agreed by the Health & Well Being Board (HWBB), has not been included in the Public Health Commissioning Plan even by DPR even though it is over £500k and therefore a key decision.
- 9.8.2 Objective: The objective was to refer back to Cabinet to check if the decision could go ahead without agreement by the HWBB and without a decision to include the spend in the Public Health Commissioning Plan. In addition for recommendation 1.2 to be changed from £186k from contingency to £786k.
- 9.8.3 Response: The Committee resolved not to refer the item back to Cabinet Resource Committee.

## 10. LIST OF BACKGROUND PAPERS

10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>MA</b>