

APPENDIX 1

Outline Business Case: Sport and Physical Activity Review

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Approvals

By signing this document, the signatories below are confirming that they have fully reviewed the Outline Business Case for the Sport and Physical Activity Review project and confirm their acceptance of the completed document.

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DOCUMENT CONTROL

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1. Introduction and strategic context

The Sports and Physical Activity (SPA) Review is part of the London Borough of Barnet (Barnet)'s corporate change programme (One Barnet Programme) supporting Barnet's corporate strategy through a focus on early intervention, prevention and community safety.

It supports the One Barnet key priorities of:

- A new relationship with citizens.
- A relentless drive for efficiency.
- A 'one public sector' approach.

The SPA review has two key strategic aims:

1. **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.
2. 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.

In further detail, 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 in delivering the SPA agenda.
- Reductions in direct expenditure by the Council on services that could be provided through alternative provision, approaches and partnerships.

1.1. London Borough of Barnet strategic direction

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

As a commissioning Council, the SPA review is an opportunity for the Council to look at how to deliver services differently and address customers' needs through an integrated approach, while focusing on outcomes in a manner that is affordable and sustainable for the Council. In the case of sport and physical activity, it is essential that the Council understands how it can deliver improved outcomes for residents in a way that makes services both more accessible and affordable. This can be achieved by providing opportunities through the use of other Council services such as information provided in libraries, encouraging activities such as walking, cycling in parks and co-location of leisure facilities with commercial facilities. In line with Councils across the country this must be achieved within the context of continued significant financial pressures and therefore the Council must aim for a cost-neutral provision and explore the potential for using public health budget to support strategic objectives for sport and physical activity. In November 2011, the Council set a savings target of £967,000 per annum against expenditure the leisure services provided by GLL as part of its Medium Term Financial Strategy (MTFS) for 2013/14 to 2015/16 to reflect its ambition of moving to a zero-subsidy provision over the next three years.

Barnet Sport and Physical Activity strategy

The Council is developing a Sport and Physical Activity Strategy to provide strategic direction and shape the sport and physical activity provision in Barnet.

The SPA Strategy's aim is that the Barnet population is physically active and the borough provides excellent opportunities for sports development and physical activity. The stated objectives are to:

- Widen access to sport and physical activity – ensuring that people who do not traditionally participate in sport and physical activity are supported to do so.
- Deliver an environment conducive to physical activity in a manner that is as cost neutral as possible to the public purse - ensuring residents have access to facilities, open spaces, and community and transport infrastructure that allows and encourages residents of all ages to be active.
- Strengthen organisations and partnerships - increasing the number and quality of volunteers, coaches and clubs and developing Fit and Active Barnet (FAB) as an umbrella brand and network to facilitate collaboration.
- Develop effective sport and physical activity pathways - encouraging and enabling people to engage and stay involved in sport and physical activity and achieve the highest standard that they want to and are capable of.

This will be achieved through partnership and collaboration; the vehicle for delivery of the SPA Strategy will be the Fit and Active Barnet (FAB) Partnership Board.

FAB is a public health initiative originally planned to be a campaign to encourage participation and physical activity across the borough. Following a campaign planned for the New Year to promote physical activity to support good health, the current Barnet Strategic Sport Group (BSSG) will become the FAB Partnership Board to sustain the initiative in the long term. FAB's is made up of representatives from key partner organisations including Barnet Community Volunteer Service, Barnet & Southgate College, Barnet FC in the Community, Barnet CCG, GLL, Middlesex

University, Pro-Active North London, Saracens Foundation and others. It is envisaged that all investments in physical activity and healthy weight in Barnet will be conducted under the FAB banner in 2014, supported by a communications' campaign to encourage participation.

The FAB Partnership Board will also share the responsibility for the delivery of the SPA strategy outcomes and is in the process of developing a delivery plan for the strategy, and responding to the feedback obtained from the consultation on sport and physical activity undertaken by the Council during Sep/Oct 2013.

1.2. Barnet Council's Sport and Physical Activity provision

GLL-run leisure² centre facilities

In 2003, Barnet entered a 15-year contract with Greenwich Leisure Limited (GLL) that delivers mainstream indoor sports provision and swimming through five leisure centre facilities:

- Cophall
- Burnt Oak
- Finchley Lido
- Church Farm
- Hendon

Of the five facilities, the Council owns the freehold of four, and one is a long lease. They are of mixed condition, with some sites nearing the end of their economic life. With the exception of Burnt Oak, facilities are currently operated at a loss for GLL. This is offset by the management fee paid by the Council, with GLL only just breaking even with a profit of less than £30,000 in 2012, once the cost from the initial capital investment made by GLL is recouped.³ Of the five centres, Cophall has the largest operating costs and also makes the biggest loss.

	Burnt Oak	Church Farm	Cophall	Finchley	Hendon	Cophall stadium	Compton	Total
Income	669,895	382,619	1,732,011	1,524,548	864,803	5,794	53,260	5,232,930
Expenditure	648,227	448,410	2,224,417	1,591,813	1,022,755	78,952	167,073	6,181,647
Surplus/(Deficit)	21,668	-65,791	-492,406	-67,265	-157,952	-73,158	-113,813	-948,717
Management fee								976,630
Surplus/(Deficit)								27,913

The wider Barnet Council provision

² Please note that all reference to leisure in this report is in relation to leisure centres whose prime purpose is for sport and physical activity.

³ Source: GLL management accounts 2012. Note that Compton and Cophall Stadium ceased to be managed by GLL in 2012.

Barnet is a green borough with a large number of parks and green spaces that have a high potential to support sport and physical activity:

- Over 200 parks and open spaces in total
- 2,466 hectares (28% of the borough) lying in the Green Belt
- 690 hectares (8% of the borough) which is metropolitan open land
- Most of the borough is within 1.2km of a playing pitch
- There are 50 children's play areas (although they are in less than 50% of Barnet's parks)

Barnet's parks and open spaces provision includes the following SPA facilities:

Facility	Number
11 a side Football	68
Jnr Football	13
Mini Football	31
Rugby	7
Gaelic Football	2
Cricket	18
Multi Use Games Areas	15
Netball	1
Tennis	61
Bowls	11

Future provision

Facility	Number
Marked and Measured Routes	10 completely new routes to be installed in parks across the borough during the finance year 2013/14.
Outdoor Gyms	1 currently operational in Oak Hill Park. An additional 5 will be installed by the 1st of April 2014 with a further 5 during 2014 (subject to review of utilisation and physical activity outcomes from the 6 outdoor gyms in situ).

2. Rationale

The strategic objectives the Council has set itself and the financial pressures it faces mean the current SPA model isn't sustainable and won't deliver the outcomes the Council seeks. There is a strong case for change, as outlined below.

The findings below were informed by key activities conducted by the project including:

- A Sport and Physical Activity Needs Assessment which was conducted in 2012 to examine sport and physical activity participation amongst the Barnet population and the health implications of these behaviours. The aim of the Need Assessment is to provide the necessary evidence to ensure planning for leisure is evidence-based and tailored to the specific needs of the borough and to facilitate the future leisure commissioning.
- A soft market test and discussions with providers and partners that took place over August and September 2013 to discuss the opportunities for Barnet leisure centres and best practice in the market to improve participation while reducing expenditure.
- A SPA consultation programme that took place with Barnet residents in September and October 2013. The Council conducted four area-based workshops across the Borough complemented by a telephone survey of 1,100 residents to engage with local residents and seek their opinion of the current services and facilities and explore with them what would support an increase in participation.

The sources of data and supporting evidence include:

- Sport England Active People Survey 5 Oct 2010 – Oct 2011
- Barnet SPA Needs Assessment 2012
- Interim results from Barnet SPA residents consultation 2013
- Barnet Residents Perception Survey 2012
- GLL annual user survey 2012

2.1. Poor participation

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. The changes in population (growing and aging) reinforce this trend:

- Barnet is currently ranked 23rd out of 33 London boroughs for levels of adult physical activity according to the Sport England Active People Survey 5 (Oct 2010-Oct 2011) with only 14.4% of adults participating at recommended levels. Barnet's neighbouring boroughs range from 10.5% (Enfield ranked 33) to 17.3% (Haringey ranked 13)⁴.

⁴ Sport England Active People Survey 5
http://www.sportengland.org/research/active_people_survey/idoc.ashx?docid=6dff52e3-73c3-4993-9762-a079e9f71410&version=1

- The interim report of the residents' consultation undertaken by Barnet in October 2013 confirms these findings with 11% of respondents saying they never do any exercise⁵.
- 11% of Barnet residents' never walk more than 5 minutes for any reason.
- In addition to low levels of activity there is a downward trend in contrast to national trends which are rising, though London trends are similarly downward.
- Of those groups who are the most sedentary – which is 48.8% of the population - the pattern is repeated with those with life limiting illness or disability, older than 55 years, in lower socio economic groups, women and non-white groups being the most likely to sedentary.⁶
- Physical activity levels of school children in Barnet are below the national average, with particular concerns relating to some faith schools and areas of deprivation⁷. Only 53.5% of children participate in at least three hours of sport/PE a week which is worse than England average.
- One in three children aged 10 to 11 in Barnet is overweight or obese.

2.2. Low satisfaction with current leisure provision

General satisfaction is low

Despite the high level of parks and open spaces in Barnet and a leisure provision that is comparable to other London boroughs, the overall satisfaction with provision is significantly lower than the national average.

- Only 30% of the Borough's residents are satisfied with Council-owned leisure centres in Barnet compared with 46% for London⁸. This is despite a significant cash injection into the facilities by GLL.
- 53% of those who actively use leisure centres are satisfied with leisure services compared to 59% in London in the Barnet Residents Perception Survey 2012. This is broadly in line with the findings from the SPA residents' consultation in October 2013 where only 55% of respondents were satisfied with the council-owned leisure in their area⁹.
- Many grassroots clubs that support young people in being involved in sport and physical activity are dependent on volunteers. However, the level of volunteering in sport and physical activity in Barnet is lower than the national average at 3.5% compared to 7.3% of people who spend an hour or more a week volunteering in sport¹⁰. In addition the infrastructure of community-based organisations is potentially threatened by low levels of volunteers.
- Stakeholder engagement highlighted that there is a strong interest in alternative activities – not just those based in leisure facilities. Dancing, Keep fit classes, using parks, cycling, and walking were all raised as activities

⁵ Barnet SPA residents consultation (workshops and telephone survey) October 2013

⁶ Sport and Physical Activity Needs Assessment September 2012

⁷ Schools Sports Partnership 2011

⁸ Barnet Residents' Perception Survey 2012-13

⁹ Barnet SPA residents consultation (workshops and telephone survey) October 2013

¹⁰ Sport and Physical Activity Needs Assessment September 2012

people felt that they might like to do if they could overcome some of the personal barriers and had the opportunity¹¹.

- The SPA residents consultation undertaken by the Council in October 2013 found that nearly three quarters (78%) of residents take part in more informal activities rather than activities organised by a club, leisure centre or fitness group.
- During the area-based workshops conducted by the Council as part of the SPA residents consultation, residents highlighted that the key barriers to participation were cost and accessibility (especially the geographic spread of facilities across Barnet) and that the Council should look into making better use of other facilities (e.g. at local schools). There was also a view that the quality of facilities and activities is declining.

This suggests that facilities and activities for sport in the borough are not meeting the requirements of Barnet's residents.

The current contract for leisure facilities doesn't deliver SPA outcomes

Although satisfaction with the leisure centres managed by GLL is generally good at 85% overall satisfaction based on GLL's own survey, it is lower than the average across all GLL-run centres, which is 87%¹². This contrasts with the Barnet Residents' Perception Survey 2012-13 which suggests lower levels of satisfaction with only 53% of users of Council-owned leisure services being satisfied with the provision compared to a London average of 59%.

From research undertaken in this review there is limited evidence of specific outcomes being targeted and delivered through the current leisure centre provision. During contract negotiations, GLL has indicated that they would consider delivering public health outcomes through GP referral, falls prevention and weight management health schemes. The need for such schemes was highlighted during the SPA residents' consultation with the idea of GP referral for exercise being widely supported by residents who consulted. However, these would be at an additional cost to the Council above and beyond the existing management fee, which doesn't address the value for money issue of the current contract and is not a solution the Council can afford.

The facilities, especially astro pitches and studios, also suffer from low utilisation rates, as shown in the table below. This indicates that more can be done to encourage and increase participation and/or that the facilities provided do not meet residents' needs and expectations. It also reflects the fact that the current contract with GLL doesn't provide the right incentive for them to deliver improvements to the service provision.

¹¹ Sport and Physical Activity Needs Assessment September 2012

¹² GLL Annual User Survey 2012

Usage Levels	Burnt Oak	Church Farm	Compton	Copthall	Finchley	Hendon
Sports Hall	77%	n/a	67%	n/a	n/a	72%
Astro Pitch	31%	n/a	39%	n/a	n/a	n/a
Studio	42%	n/a	n/a	45%	40%	28%
Leisure/Activity Pool	n/a	57%	n/a	58%	57%	n/a
Training Pool	n/a	n/a	n/a	65%	n/a	n/a
Gymnasium	n/a	n/a	n/a	n/a	n/a	92%

Finally, with a number of the facilities coming to the end of their economic life and the contract coming to an end, the timing is right for the Council to consider how it will provide and manage leisure centre facilities in the future.

2.3. Unsustainable model

As part of the SPA review, the Council met with partners and conducted a soft market test with the key players in the leisure management market. A mix of private and not-for-profit providers, including GLL, attended the event and contributed their views to how the Council could deliver a more efficient and effective leisure provision. The key findings from the event highlighted how the current model is outdated and unsustainable.

- Providers shared best practice they have seen implemented or are successfully delivering themselves in other boroughs whereby performance is monitored on the delivery of health outcomes.
- Two providers indicated they could operate the facilities on a cost-neutral basis and therefore it is legitimate for the Council to aim to deliver a cost-neutral provision.

In parallel to the soft market test, the Council undertook negotiations with GLL. Whilst GLL have provided a number of options/initiatives to reduce the management fee, it does not appear at this stage that they can deliver all of the savings required for 2014/15. However, as indicated above, further details have been requested and some initiatives still need to be evaluated as regards savings.

The contractual commitment includes a £1.2m management fee which the Council pays to GLL each year to operate and maintain the current leisure centre facilities. This expenditure is not proportionate to the benefits achieved by the contract delivery, especially in respect of increasing residents' health and wellbeing, and no longer represents value for money at a time where new models of leisure service provision are moving towards being on a zero management fee basis.

2.4. Opportunities to increase the use of parks and green spaces to deliver SPA outcomes

In terms of funding, the current traditional model for leisure services is under stress with local authorities seeking to reduce costs. Grant levels vary widely with funding subsidies ranging from 0-70%. In many places, the pressure is to keep facilities

open at all costs even if it is for a significant reduction in opening hours. Providers are also reducing overall costs of provision by maximising cash earning activities and reducing their outreach work. In meetings with partners, it was suggested that providers could be supported by helping them to be more diverse social enterprises and extending the services they provide as long as they are for a public purpose.

These pressures are bringing trusts and the private sector closer together in terms of their operating models.

There is also a view that current models are not good for accessing those members of the population that are inactive. Inactivity levels have hardly moved despite the Olympics last year. The design is the same as it was 20 years ago and there is a need for a culture change and a new offer.

As described in section 1.1, Barnet has a significant number of parks and open spaces that could be utilised more to support the delivery of sport and physical activity. Since the Council has become responsible for public health, investment has been made for a number of marked and measured routes and outdoor gyms to be installed in the borough's parks.

With the feedback received from stakeholders that they would be keen to see initiatives that go beyond the traditional model of sport being provided solely in leisure centres and with 58% of respondents saying they do take part in physical activities in parks and open spaces in their local area¹³, this feels like a missed opportunity for the Council to not use these assets to increase participation in sport and physical activity.

The findings from the interim report for Barnet's SPA residents' consultation indicated that 53% of residents do a majority of physical activity outdoor (compared to 29% only indoor – the remaining 18% doing both equally) and that there is a lot of support for outdoor gym facilities and for more organised activities such as walks, aerobics and fitness classes in parks and open spaces¹⁴.

2.5. Conclusion

The current delivery model for sport and physical activity will not deliver the Barnet Health and Wellbeing Strategy target of a 3% increase in participation and increases the risk of the current downward trend for participation in Barnet continuing. Residents' feedback¹⁵ has highlighted how the traditional model of relying on leisure centres only to address participation in sport and physical activity is not working and parks and green spaces should form a core part of the Council's SPA provision.

Finally, the Council cannot afford the current contract and the underpinning £1.2m annual management fee and needs to look at alternative delivery options to work towards a model that is both cost neutral and supports the effort to reduce expenditure.

¹³ Barnet SPA residents consultation (workshops and telephone survey) October 2013

¹⁴ Barnet SPA residents consultation (workshops and telephone survey) October 2013

¹⁵ Findings from area-based workshops conducted with residents in Sep/Oct 2013

3. Options

The review set out to inform how the Council would achieve the following objectives:

- Improve sport and physical activity provision to order to increase participation and support the health and wellbeing outcomes set in the SPA and Health and Wellbeing strategies for Barnet residents.
- Meet the immediate Medium-Term Financial Strategy saving for leisure provision of £967,000.

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

- Address the immediate financial challenge of 2014/15
- Progress options to cover the period 2015/16 to 2017/18 (up to the end of the current GLL contract in December 2017)
- As part of the Priorities and Spending Review process, develop a full business case for the replacement of the current leisure management contract which is revenue neutral and increases sport and physical activity in the Borough.

3.1. Addressing 2014/15 MTFS budget saving

The immediate MTFS gap of £967,000 for 2014/15 will not be achieved solely through negotiating changes to the current contract with GLL. As a result, it is recommended that the Council funds the MTFS through the following:

1. There is a solid evidence base that establishes the benefits of sport and physical activity to public health. As such, **£600,000** funding is available from the public health grant in support of the borough commitment to physical activity to contribute to the leisure management fee for 2014/15.
2. A level of savings derived from the implementation of proposals put forward by GLL to reduce the current management fee. These savings are indicative only. GLL will only be able to commit to firm figures if the Council expresses an interest in exploring the options further. If these were all achievable following appropriate consultation with residents, the potential savings on the management fee from these proposals would be circa **£130,000** maximum, as detailed below.
3. 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, the MTFS savings target for 2014/15 will be reduced by **£181,000**.

Proposed saving option	Saving potential
Amendment to opening hours at Hendon for the public (opening from 3pm) ¹⁶ .	£30,000
Efficiencies around payment of utility costs.	£60,000
Extending Burnt Oak opening hours ¹⁷	£40,000
	£130,000

4. Based on the figures above, there will be a remaining funding gap of between **£56,000** (if the Council chooses to accept all of GLL's proposals and GLL's estimates are not reviewed downwards as a result of further calculations) and **£186,000**. This will need to be funded from the Council's reserves.

Recommendation: The Council identifies up to £186,000 from reserves to address the short-term gap in funding for the MTFs for 2014/15.

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

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.

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 CRC¹⁸. The outcomes of these discussions will need to come back to the Cabinet Resources Committee for consideration in June 2014.

Recommendation: Note that the medium-term options will be furthered explored and will be brought back to CRC for consideration by June 2014.

¹⁶ This was suggested by GLL as usage levels tend to be low throughout the day.

¹⁷ This would be subject to an amendment to planning restrictions which would rely on the results of a public consultation. It is therefore difficult to predict if savings could actually be achieved from this initiative. Currently planning permission is for opening during the hours of 8am to 9pm during the week and 9am and 6pm at the weekend. A previous application to extend opening hours from 8am at the weekend was previously rejected.

¹⁸ Cabinet Resource Committee 27 September 2011

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

As discussed in section 2, 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.

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

Indicative timelines for possible future procurement approaches is detailed in the table below:

Type of procurement	Timeline (including 3 months mobilisation)
Restricted Procedure (with initial Pre-Qualification Questionnaire)	Process to start 11 months prior to the end of the contract (Dec 2016).
Open Procedure (No Pre-Qualification Questionnaire)	Process to start 9 months prior to the end of the contract (Feb 2017).
Competitive Dialogue (Complex Procurement)	Process to start 21 months prior to the end of the contract (Feb 2016).

Note: Pending approval from the Cabinet Resource Committee, an Equality Impact Assessment and Health Impact Assessment will be carried out at full business case stage.

Recommendation: Agree the development of a full business case to explore the options to re-procure the leisure management contract as part of the Barnet Priorities and Spending Review.

4. Expected Benefits

4.1. Strategic benefits

Bundling together the leisure centre provision and other Council services that have the potential to reduce Council expenditure while increasing participation would support the SPA strategy and the Council’s corporate objectives to:

- 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.

4.2. Non-financial benefits¹⁹

Benefits area	Overview
Public health benefits	<p>Physical inactivity is one of the major risk factors causing death and ill-health both globally and locally. Increasing physical activity has the potential to:</p> <ul style="list-style-type: none"> ▪ Improve the physical and mental health of residents, reduce all-cause mortality and improve life expectancy. ▪ Save money by significantly easing the burden of chronic disease on the health and social care services.
Adults and communities benefits	<ul style="list-style-type: none"> ▪ Improved opportunities for carers through the use of the leisure provision ▪ Increased provision of accessible activities and facilities ▪ Potential for cross-service provision within shared facilities e.g. day care being provided within leisure facilities rather than only in day care centres.
Residents’ satisfaction with services	<ul style="list-style-type: none"> ▪ More opportunities to be physically active and increased health and wellbeing. ▪ Increased satisfaction with the sport and physical activity provision. ▪ Increased visibility and understanding of what sport and physical activity services are available and easier access to information through the FAB partnership.
Wider economy benefits	<ul style="list-style-type: none"> ▪ Increasing cycling and walking will reduce transport costs, save money and help the environment. ▪ Fewer car journeys can reduce traffic, congestion and pollution, improving the health of communities. ▪ Positive impact on the economy through the reduction of sickness and premature death of productive individuals.
Children and young people	<ul style="list-style-type: none"> ▪ Other potential benefits linked to physical activity in children and young people include the acquisition of social skills through active play (leadership, teamwork and co-

¹⁹ Parks and open spaces have strategic benefits beyond the SPA objectives which will be reflected in the full business case if this option is agreed.

Benefits area	Overview
	operation), better concentration in school.
Barnet the place and community	<ul style="list-style-type: none"> ▪ Improved usage of parks and open spaces within the Council. ▪ Sport and physical activity provision that makes the borough a more attractive place to live and work. ▪ Displacement of anti-social and criminal behaviour.

4.3. Financial benefits

Any financial benefits in the short and medium term will be dependent on the outcome of the negotiations between GLL and the Council around the options set by GLL to reduce the management fee and to potentially terminate the current agreement. These options and their financial impact are presented in the financial analysis in section 5.

Long-term financial benefits derived from a new model of service provision considering delivering leisure and other Council services will be set out fully in the full business case. The examples of other Councils who have pursued this option indicate that there could be significant savings to be achieved through the use of this model while continuing to deliver Council priorities.

5. Financial Appraisal

5.1. Current position and future pressures

2012/13 and 2013/14 budget and outturn information as well as the medium term financial strategy (MTFS) baseline figures for the Council's provision of leisure facilities are depicted in table 1.

2012/13 outturn amounted to £1,302k, a variance of £82k against a base budget of £1,384k. It is anticipated that outturn will increase by £69k in 2013/14 to £1,371k, a variance of £25k against base budgets, totalling £1,371k. 2012/13 outturn and 2013/14 projections indicate that the management fee and other costs paid to GLL amounted to 93% and 81% respectively of total expenditure incurred in the provision of leisure facilities. The MTFS savings target of £967k from 2014/15 onwards targets a reduced budget for leisure centre provision amounting to £397k. Other leisure associated costs and fitness for life net budget information has been included for completeness, these are non-GLL costs/income incurred and received by the Council in regards to leisure provision.

Table 1.

	2012/13 actuals (£)			2013/14 (Plan and projections) (£)			MTFS
	Budget	Actuals	Variance	Budget	Projected actuals (as at month 7)	Projected variance (as at month 7)	
GLL contract	1,293,400	1,007,764	- 285,636	1,326,090	1,109,603	- 216,487	1,293,400
Early termination and legal costs (Cophall stadium)	-	205,335	205,335	-	-	-	-
Other leisure associated costs	86,520	86,315	- 205	66,420	257,547	191,127	66,420
Fitness for life	3,890	2,133	- 1,757	3,690	3,618	- 72	3,690
Total	1,383,810	1,301,547	- 82,263	1,396,200	1,370,768	- 25,432	1,363,510

MTFS savings target

- 967,000

Revised MTFS baseline

396,510

It has been identified that by adopting a cost neutral approach and effectively negating a need to pay a management fee, the Council could achieve its desired MTFS targets.

Table 2 depicts the future budgeting pressures for the service if current contractual management fee arrangements are continued. The contract with GLL is due to expire in December 2017.

Table 2.

	Forecasts 2014/15-1017/18 (£)				Total (£)
	2014/15	2015/16	2016/17	2017/18	
GLL contract (expires 31/12/2017)	1,135,798	1,241,405	1,333,700	1,148,921	4,859,824
Other Leisure facility related	43,270	43,270	43,270	43,270	173,080
Fitness for life	3,618	3,618	3,618	3,618	14,472
Total	1,182,686	1,288,293	1,380,588	1,195,809	5,047,376

Revised baseline 396,510 396,510 396,510 396,510

Funding gap from revised baseline 786,176 891,783 984,078 799,299

Contractual inflationary pressures to the current management fee from 2014/15 onwards have been accounted for within forecasts. However, corresponding budgetary increases are subject to approval by the Council, hence excluded from revised baselines.

In order to meet the Council's MTFs targets for the service, it is not viable to continue with the 'do-nothing' option, essentially set out in table 2. The following strategies are options the Council will want to consider from short to long term to achieve its desired objectives.

5.2. Short term strategy - addressing 2014/15

The original 2014/15 MTFs savings target of £967k is forecast to be met by savings envisaged from decreases in anticipated repairs and maintenance costs amounting to £181k. The remaining £786k required savings for 2014/15 will be met through a combination of public health funding, Council reserves and potential savings from the existing contract with GLL, the impacts of which are depicted in table 3.

Table 3.

	Forecasts (£)	
	2014/15	Total
GLL contract (expires 30/12/2017)	1,135,798	
Other Leisure associated costs	43,270	
Fitness for life	3,618	
Sub-total		1,182,686
Public Health*	- 600,000	
Council reserves*	- 56,176	
GLL contract savings*	- 130,000	
		- 786,176
Total		396,510

* Funding from Public Health are only available for 214-15

* GLL contract savings require further discussion and could end up being less than £130,000 resulting in an increased amount being required from the Council's reserves (maximum of £186,000)

Negotiations with GLL to date have yielded maximum potential savings of £130k for 2014/15. The breakdown of these savings was presented in section 3.1 and is shown in table 4. It is important to note that these are estimates provided by GLL through preliminary discussions and need to be explored further.

Table 4.

Proposed saving option	Estimated savings range (£)
Amendment to opening hours at Hendon for the public (opening from 3pm)	30,000
Council Efficiencies around payment of utility costs.	60,000
Extending Burnt Oak opening hours	40,000
TOTAL	130,000

5.3. Medium and long term strategy – 2015/16 and beyond

A full financial analysis of the options for the medium term and longer term alternative delivery models and options to 'bundle' leisure services with other Council services will be conducted at full business case stage.

6. Project approach

The project will be managed in accordance with Barnet’s Project Management Methodology with the required documentation, monitoring and controls in place to ensure the project is delivered effectively. Project management will be undertaken by the Corporate Programmes team.

Project costs

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 as outlined below:

Resource	Cost
Project Management	£45,000
Subject matter expert/consultancy input	£15,000
Consultation	£15,000
Total	£75,000

Project resources

The core project team will have membership with expertise in health, leisure operations, wider adults and communities services, communications and consultation, procurement, legal, finance and corporate programmes for project assurance.

The table below covers the proposed membership of the Project Board and their roles.

Role	Responsibility
Project Sponsor	Responsibility for the project to ensure that the project is focused throughout its life on achieving its objectives and delivering to achieve the desired benefits. The key decision-maker on the project board.
Senior Users / Service Lead	Represent those delivering the project and are accountable for the quality of what is produced, provide strategic direction and ensure that the project is resourced appropriately.
Project Manager	Runs the project on a day-to-day basis on behalf of the Project Board within agreed controls and tolerances. Specifically responsible for delivering the project to the agreed quality within the agreed costs and timescales.
Senior Suppliers	Responsible for providing financial, legal, procurement/commercial and HR advice to the project.
Project Assurance	Responsible for providing project assurance and link across all Corporate Change Programme projects.

Key milestones

In the first instance, the project will proceed to full business case stage. The key milestones are outlined below.

Milestone	Date
Launch of FAB campaign (see section 1.2)	Jan 2014
Engagement with residents to support the development of full business case on proposed options for the long term	Ongoing
Full business case to Cabinet Resource Committee	Jun 2014

Project Reporting

Report	Frequency	Type	Circulation
Status Report	Fortnightly	Project snapshot, covering progress, budget, benefits, risks and issues completed by Project Manager	Programme Office and Project Board
Project Board	Monthly	Standard discussion items as set by Programme Office. Additional items submitted on an event driven basis.	Project Board
SCB Programme Board	Monthly	Project Manager to produce any reports as requested by the board or sponsor	Corporate Directors and Chief Executive
Council Meetings	As set by Democratic Services	Reports covering all key decisions	Councillor membership of relevant committee

7. Risks, dependencies and constraints

7.1. Risks

Risk	Mitigating action
There could be little interest from the market to take on other Council services together with the leisure management contract.	Review existing models/examples from other Councils and what approach they took. Consider supporting the brokerage of a partnership between commercial providers and the third sector/youth clubs/community organisations.
The Council has to pay for renovations / redevelopment of facilities at the end of the contract which will offset any potential financial savings.	Explore options for partner/private sector investment in the facilities and management fee savings to offset prudential borrowing.
The specification for the new model isn't robust enough and doesn't lead to the achievement of the Council's objectives for sport and physical activity.	Residents' consultation will be carried out at full business case stage to engage residents and get their views on the recommended option. Further research will be conducted into best practice and robust outcome-focused specification and contract management approach will be developed.
Residents' perception of the sport and physical activity across the borough doesn't change.	Fit and Active Barnet campaign to communicate all sport and physical activities across the Council under a common banner. Residents' consultation carried out at full business case stage to engage residents and get their views on the recommended option.
An early termination could lead to the Council having no provider in place to manage the services.	In the case of an early termination of the contract with GLL, the Council has an approach in place to ensure services are delivered while the contract is being re-procured.
The Council may not achieve its savings target against the MTFs.	This paper is exploring options available to the Council to achieve some savings in the medium and long term.

7.2. Dependencies

Dependency	Mitigating action
Savings for the Council will depend on the viability of the service bundle.	The full business case will explore the costs vs. income generation potential of any facility considered in the re-procurement to ensure any split in provision between the Council and another provider allows for the delivery of the Council provision cost neutral.
Potential financial savings for the short and medium term are dependent on GLL negotiations.	Secure budget to compensate if savings from GLL aren't achievable.
The new model's success will depend on its integration with wider Council transformation programmes.	Key stakeholders from the relevant Council transformation programmes will be invited to be part of the project board.
Residents views on the bundling of leisure facilities and other Council services.	Residents' views around the preferred option will be explored further through a consultation in Phase 3 (full business case stage).

7.3. Constraints

Constraint		Mitigating action
Time	The full business case needs to be produced in time to allow for savings from the medium and long term options to be realised from 2015/16.	The full business case as a key decision will be presented to elected members in June 2014.
Budget	The costs of procurement and implementation must be kept within the allocated budget to ensure maximum savings are realised.	A full project budget will be defined in the full business case and budget monitoring will be regularly reported to the project board.
Staff	Any option that may involve transfer of staff to a new provider will need to comply with TUPE legislation. Potential redundancies linked to the new model will need to comply with legislation.	Involvement of HR business partner on project team when developing the full business case.
Quality	Quality of the solution will depend on how robust the specification and contractual arrangements are for the new delivery model.	See procurement advice and subject matter expert input in the development of the specification and proposed contractual arrangements.

8. Appendix A – Draft Sport and Physical Activity Strategy 2013-18

Purpose of this strategy

The overall purpose for the Barnet Sport and Physical Activity Strategy is to provide strategic direction to shaping sport and physical activity provision in Barnet.

Aims

That the Barnet population is physical active and the Borough provides excellent opportunities for sports development and physical activity.

Objectives

- to deliver an environment conducive to physical activity in a manner that is as cost neutral as possible to the public purse - ensuring residents have access to facilities, open spaces, and community and transport infrastructure that allows and encourages residents of all ages to be active.
- to strengthen organisations and partnerships - increasing the number and quality of volunteers, coaches and clubs and developing Fit and Active Barnet (FAB) as an umbrella brand and network to facilitate collaboration.
- to develop effective sport and physical activity pathways - encouraging and enabling people to engage and stay involved in sport and physical activity and achieve the highest standard that they want to and are capable of.
- to widen access to sport and physical activity – ensuring that people who do not traditionally participate in sport and physical activity are supported to do so.

Outcomes

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. A target is specified of increasing the number of adults participating in regular physical activity (as measured by NI8) by 3% by 2015.

Barnet's Local Plan Core Strategy and Local Implementation Plan (LIP) of the Mayor's Transport Strategy both include the objective of making cycling and walking more attractive for leisure, health and short trips and a target to increase cycling in the borough significantly (from a current level of 1% of trips to 4.3% of trips by 2026).

There are other strategic commitments reflected in the Barnet Health and Wellbeing Strategy to which sport and physical activity contribute such as reducing obesity, hospital admissions due to falls, tackling social isolation and increasing a sense of physical and mental wellbeing.

Local context

The Barnet Sport and Physical Activity Needs Assessment 2012 demonstrates that whilst health behaviours and outcomes are more favourable in Barnet than in England as a whole, sport and physical activity rates and the use of outdoor space are below the national average. There are no clear reasons for this given that Barnet has a large number of parks and open spaces and leisure provision is comparable with other London Boroughs. Given the benefits to population health

and on reducing health and social care spend action to improve rates of sport and physical activity participation is essential.

Delivery plans

Areas of an SPA delivery plan are proposed below organised under each of the strategic objectives identified above. A detail action plan with leadership, measures of success and schedule will follow later.

- to deliver an environment conducive to physical activity in a manner that is as cost neutral as possible to the public purse - providing the facilities, open spaces, and community and transport infrastructure that allows and encourages residents of all ages be active.
 - Develop a cost neutral sport and leisure facilities plan including opportunities for partnerships between the Council and commercial providers
 - Develop a parks and green spaces enhancement plan to ensure desirability, accessibility and sustainability
 - Assessing current cycle infrastructure
 - To identify opportunities for sport and leisure facilities to be co-located with other Council and health services and commercial enterprises
 - Work strategically to secure investment

- to strengthen organisations and partnerships - increasing the number and quality of volunteers, coaches and clubs and developing Fit and Active Barnet (FAB) as an umbrella brand and network to facilitate collaboration.
 - Develop FAB as a brand and network that providers in Barnet can sign up to and creating a one stop shop for signposting facilities and physical activity opportunities for residents.
 - Champion and support the on-going growth and development of local, high-quality and safe sport & physical activity organisations as key providers of participation, education, coaching and competitive opportunities.
 - Encourage more people to volunteer their time, skills and expertise to support the delivery of sport and physical activity initiatives in the Borough.
 - Safeguard children, young people and vulnerable adults.
 - Develop the Barnet Strategic Sports Group to support the implementation of the sport and physical activity strategy.
 - Ensuring coordination between sports, physical activity and other services (Council, health and voluntary sector).

- to develop effective sport and physical activity pathways - encouraging and enabling people to engage and stay involved in sport and physical activity and achieve the highest standard that they want to and are capable of.
 - Encourage and support people who have lapsed to get back into sport and physical activity.

- Reducing dropping out of sport and helping people to reach their sporting potential by developing coordinated action plans to provide effective sport and physical activity pathways from entry level to elite status.
 - Ensure every child in the Borough can swim.
 - Increase career opportunities in sport for young people.
 - Improve support for talented athletes.
- to widen access to sport and physical activity – ensuring that people who do not traditionally participate in sport and physical activity are supported to do so.
 - Through an early identification and prevention approach, harness sport and physical activity opportunities to provide positive and diversionary activities for children and young people.
 - Consistently improve standards and embed quality assurance to increase public satisfaction with sport and leisure facilities in the Borough.
 - Improve the delivery of physical activity and sporting opportunities in neighbourhood settings.
 - Develop the role that sport and physical activity can play in promoting community cohesion and fostering pride in the Borough.
 - Support a strong and effective school sport infrastructure to assist schools in getting more children and young people regularly participating in sport and physical activity and to halt the rise in childhood obesity.

Governance

The sport and physical activity strategy is set and overseen by the Barnet Health and Wellbeing Board. Its implementation is led by the Director of Public Health.

Once the strategy has been agreed, implementation plans will be generated for those components of the strategy that are led by internal delivery units and those delegated to the Fit and Active Partnership Board.

9. Appendix B – Soft market test providers feedback

The Council conducted a soft market test in September 2013 to assess potential providers' interest for the re-procurement of the Council's leisure services and to gain some insight on best practice. To support the exercise, the Council asked providers to respond to the following commissioning questions:

Do you have access to funding capital to be able to fund any or all of the developments set out in this information pack? If so, what funding options are available, what is the value of the capital available and what would be the impact to the council (if any)?

How long should the contract be for? To what extent will the contract duration be driven by the cost of the redevelopment of facilities as set out in the information pack and the funding options you have given above?

How would you envisage the assets being owned/managed, what are the options from your perspective? Given the above developments what would be your preference? How would this affect the cost of service provision?

The Council would prefer to adopt a cost neutral option. Given the developments required to the current facilities, in your experience is this possible and if so how would the contract need to be structured?

All providers advised that they could access funding but this tended to be in the region of £2-5 million depending on the nature of the development. Some of the providers had done larger schemes but these invariably required some form of asset transfer or Council guarantees to the funders. In terms of asset transfers, providers either required the freehold or a long term lease of 50-99 years.

However, all providers stated that if they were to undertake the funding their interest payments would be approximately double those the Council would incur if it was to use prudential borrowing and hence they all recommended the cheapest mechanism to fund new developments would be if the Council was able to provide the funding. A number of providers indicated that funding could usually be raised through an asset transfer but that finance would only be available if the Council was also to provide guarantees to the funder to cover the provider going into liquidation – in such circumstances the asset would return to the Council's ownership but they would be responsible for the outstanding finance. One provider also indicated that they would not be able to recover the VAT on a new development and that this would also be passed on as part of the management fee unless a mechanism was included to enable the Council to meet directly the costs of the redevelopment.

Hence, the general consensus was that if the Council was the main funder of any new developments they could expect to be paid for the right to manage the facilities.

What is your experience of delivering the preventative type services the Council is considering including? Where you have provided such services in partnership with other agencies what issues did you face?

How could the Council support you in increasing levels of sport/leisure participation in Barnet? What opportunities do you see for increasing rates of sports and physical activity participation in Barnet?

How do you think that currently sedentary sections of the population are best approached to encourage participation in sports and physical activity and what can you contribute? Can you suggest ideas/share your experience related to inclusive provision for disabled people and BME groups?

Given the outcomes from healthy lifestyles are often realised many years in to the future how would you suggest measuring and monitoring outcomes?

In general, all of the providers gave similar responses to these questions highlighting a wide range of programmes including:

- GP referrals
- Cardiac/stroke rehabilitation
- Care after cancer
- Nutrition and weight management
- Healthy walks
- Smoking cessation
- Health checks

Various outreach activities were seen as key to attracting users with a general consensus being that working with schools was key to achieving a cultural change. Equally, close linkages with GPs, providing services in the community and using leisure facilities to host health related events were highlighted as important features.

There was also a general consensus in terms of the approach to reaching less active groups including older adults, disabled people and members of BME communities. Much of the approach related to education and marketing – letting potential users know what was available in each centre, what programmes were operated that were suitable for them and how cultural needs were being addressed.

Providers suggested that the following approaches worked well:

- Advocates programmes where previous users are trained up to support new users and have the ability to understand and empathise with new users concerns is seen as a good way of retaining new users on programmes. Also a wide range of community-based initiatives, co-hosting in a range of locations and driving services into local communities.
- Health and wellbeing centres in local communities with a high level of need which could need some seed funding but could operate at nil subsidy with 3 years. These centres could be based on hub/spoke model with current facilities managing the delivery into local communities.

Providers didn't provide much input on the measurement of outcomes other than focussing on national indicators and locally developed KPIs. Some providers give members and casual users a card to capture the use of all leisure facilities.

What is your experience of delivering other services such as parks, open spaces, libraries and children's centres? What have you seen done in other local authorities/countries? What other services do you think the Council should consider adding to the contract? What would be your preference in terms of the services to be provided?

This question probably resulted in the most diverse range of responses:

- Co-location with cultural activities in some places. Some providers had seen evidence that if managed correctly in a co-located position there is a big cross-over between leisure and library users.
- Operation of parks and open spaces, Children's Centres and crèches. Potential to take on some youth services.

What could the Council do to make a new contract attractive to you?

Again, this question had a number of similar themes coming from the differing providers. The key requirements being:

- To invest in developing high quality facilities in the right location.
- To provide contractual freedom and allow commercial models to work in the long term.

Some providers had specific preferences around asset transfer, the procurement timetable and evaluation process and a clear direction and commitment from the Council but the above two bullet point were raised in some form by all attendees.