

## **Business Case: Sport and Physical Activity Review**

---

**This Business Case is a documentation of the justification for the undertaking of the above project. After sign off by the appropriate person(s), this brief will be extended and refined into the Project Initiation Document.**

Author:	Elodie Durand
Date:	July 2014
Service / Dept:	Corporate Programmes

## **Contents**

---

Contents.....	1
1. Introduction .....	2
2. Reasons for change .....	9
3. Aims & objectives.....	16
4. SPA review products.....	17
5. Options for the council's leisure contract.....	26
6. Expected benefits.....	54
7. Implementation costs .....	56
8. Summary of key risks .....	59
9. Stakeholder management .....	62
10. Appendices.....	63
Document History .....	64
Approvals: This document requires the following approval(s).....	64

## 1. Introduction

---

The Sport and Physical Activity (SPA) review was initiated to review the council's provision of sport and physical activity facilities and how they support wider public health outcomes.

A consultation with residents<sup>1</sup> in the autumn 2013 and a needs assessment conducted in 2012 have outlined that the current provision is not fit for purpose. The review is therefore an opportunity for the council to look at how to deliver services differently and address customers' needs through a more integrated approach while focusing on health and wellbeing outcomes in a manner that is sustainable.

This document is the final product from the SPA review and was informed by the outputs listed in section 1.1 as well as a number of discussions with internal and external partners and stakeholders. It puts forward a recommendation for the future provision of sport and physical activity services in Barnet, in particular in regards to the leisure management contract for the five leisure centre facilities, to address the following issues:

- The current contract does not represent value for money and is coming to an end
- The health needs of the population are not addressed by the current contract
- The council is facing a financial challenge
- The approach to sport and physical activity could be more effective through a more coordinated approach with green spaces and partners

National evidence indicates that the health of Barnet's population is likely to be enhanced by increased physical activity across the population with the greatest gains coming from enabling the sedentary – those who are least active, to undertake a degree of physical activity. Increasing physical activity can create less dependency on health and social care by having a preventative effect on the development of conditions such as diabetes, Coronary Heart Disease (CHD), some cancers and obesity. Being more active can also assist in re-enabling people with long-term conditions to manage their own health and well-being, therefore delaying the progression into more dependency. For many people, enjoying being more active can bring them into contact with others; this might be through volunteering in a club or sports organisation, joining in with an informal activity or being part of a regular session. Although we know that purely being in contact with others does not address social isolation, we know that the more contact points people have and the more belonging they feel as part of a community, the easier it is to tackle some of the issues that arise from social isolation, and becoming more active can contribute to this.

The British Heart Foundation (BHF) National Centre calculated that the economic costs of inactivity were so significant that they could account for up to 3% of

---

<sup>1</sup> 1,200 residents were engaged as part of the consultation through area-based workshops and a phone survey. The findings from the consultation can be found here: [http://engage.barnet.gov.uk/adult-social-services/sport-and-physical-activity-review/user\\_uploads/final-leisure-services-report.pdf](http://engage.barnet.gov.uk/adult-social-services/sport-and-physical-activity-review/user_uploads/final-leisure-services-report.pdf)

healthcare costs in developed economies<sup>2</sup>. In the UK, if all inactive people were to become active:

- 13% of type 2 diabetes cases could potentially be prevented.
- 18.7% of all colon cancer cases could potentially be prevented.
- 12% of stroke cases could potentially be prevented.

The table below shows the relative risk of death for the inactive 40-79yr population (nationally) disease groups.

Disease	Relative Risk (Adjusted)	Reciprocal of Relative Risk ("Activity Factor")
Coronary Heart Disease	1.16	0.86
Type II diabetes	1.20	0.83
Breast Cancer	1.33	0.75
Colorectal Cancer	1.32	0.76
All Age. All-Cause Mortality	1.28	0.78

This shows the increased risk of disease by being inactive. Relative risk means that any number higher than one means a higher chance of having the conditions listed above. The risk of having CHD for example is 1.16 in those who are inactive compared to 0.86 in those who are active. The greatest increased risk from being inactive is for breast cancer at 1.33. Being active reduces this risk to 0.75 which means being active brings the risk of breast cancer below the risk of disease that would be normally expected in the population (this is regarded as '1').

### Barnet perspective

If the Barnet population aged 40-79 years became more active, then the proportion of preventable death is reflected as follows, depending on the extent to which activity is increased:

Proportion of population active	100	75	50	25
Percentage of preventable deaths <sup>3</sup>	18.7	13	7.4	1.7

### Health costs of physical inactivity

Disease category	Barnet	London	England
Cancer lower GI e.g. bowel cancer	£528,989	£9,647,613	£67,816,189
Breast Cancer	£419,610	£10,473,802	£60,357,887
Diabetes	£854,400	£28,881,611	£190,660,420
Coronary heart disease	£3,643,665	£68,351,198	£491,095,943

<sup>2</sup>Scarborough P, Bhatnagar P, Wickramasinghe KK, Allender S, Foster C, Rayner M. The economic burden of ill health due to diet, physical inactivity, smoking, alcohol and obesity in the UK: An update to 2006-2007 NHS costs. *Journal of Public Health*. 2011;33(4):527-535 quoted in British Heart Foundation National Centre (BHFNC) for Physical Activity and Health, Loughborough University, March 2013.

<sup>3</sup> Based all ACC mortality

Disease category	Barnet	London	England
Cerebrovascular disease e.g. stroke	£1,218,855	£19,641,408	£134,359,285
<b>Total Cost</b>	<b>£6,665,518</b>	<b>£136,995,632</b>	<b>£944,289,723</b>
<b>Cost per 100,000 population</b>	<b>£1,958,417</b>	<b>£1,776,346</b>	<b>£1,817,285</b>

Source: Sport England commissioned data from British Heart Foundation Health Promotion Research Group for PCTs, reworked into estimates for LAs by TBR. Year: 2009/10, Measure: Health costs of physical inactivity, split by disease type

The cost of inactivity in each disease group is outlined above. This shows that for Barnet, the potential cost totals around £6.6m which breaks down to a cost of £1.95m per 100,000 population. The greatest costs are centred on CHD and stroke.

In addition to this the potential savings of getting 40-79 yr. old in Barnet active could be illustrated as follows:

#### **Barnet costs and potential savings for disease groups related to physical activity<sup>4</sup>**

	No of cases in Barnet	Healthcare cost per patient per year	% of preventable	No of cases prevented	Cost saving
<b>Type 2 diabetes</b>	21,608	£1320	13.88	2,999	£3,958,680
<b>Breast cancer</b>	248 (new cases)	£296 - £1,223 per cycle of chemotherapy	17.9	44	£13,024 - £53,812
<b>CVD</b>	6,327	Cost per hospital admission for a CVD event £4,614	12	759	£3,502,026
<b>Hip fracture</b>	296	£4,654 cost to LA £14,400 cost to NHS	6	18	£83,772 to LA £259,200 to NHS
<b>Colon cancer</b>	163	£3,974 - £11,461	18.7	30	£119,220 - £343,830
<b>Potential Total Savings</b>					<b>£7,935,922</b>

This would represent a potentially significant cost avoidance saving on healthcare and subsequent social care costs over the long term.

Physical activity makes a significant contribution to longer life, reduces disease and can enable people to take responsibility for their own health and wellbeing in a way which can have a significant impact on their future outcomes.

<sup>4</sup> Table on savings indicates savings is greater than spend. Figures have been adjusted for inflation.

## **The council's public health role**

The council, with its public health responsibilities and duty to promote wellbeing, recognises that it needs to take the lead on this agenda, working with partners, and that this will need to take place through a change of behaviour in the sedentary population.

There are already a number of programmes in place with a physical activity component – the schools programme, work with older people and the targeted work with children and youth already led by the council or partners – outdoor gyms, marked and measured routes, small grants programme, health walks etc.

In addition to this and to provide a framework for promoting physical activity, the council launched a FAB (Fit and Active in Barnet) campaign in February 2014.



## Fit and Active Barnet (FAB)<sup>1</sup>

The FAB project has been established to run in parallel to the SPA review to support the delivery of the council's key public health objectives.

### *Overview*

FAB aims to encourage residents of Barnet to get fit and healthy in 2014. The FAB campaign will run for a period of 12 months supplemented by the creation of a FAB Partnership Board to ensure sustainability.

The campaign draws on existing events/sport and physical activities taking place or planned across the borough, as well as a series of "one offs" specifically organised to push the FAB message. Examples include the launch of free outdoor gyms in Barnet parks, "give it a go" sessions at sports clubs around Barnet, and activity sessions for the over 55s.

### *Aims*

- Support the delivery of key public health outcomes by promoting the benefits of being fit and active
- Encourage the borough's sedentary population to start taking physical exercise
- Encourage those who currently take a small amount of physical exercise to exercise more
- Encourage the wider population to take more exercise
- Create a recognisable brand for sport and physical activity in Barnet
- Facilitate the co-ordination of key stakeholders to ensure collaborative working

### *Target audience<sup>1</sup>*

- Sedentary population (those that currently do no exercise)
- Semi-active (those who could benefit from more exercise)
- Specific population groups i.e. over 55s, women, BME groups, disability and Complex health needs including life limiting
- General population

### *Desired outcomes*

- Increased levels of participation among target audience
- Awareness of the FAB campaign amongst the wider population and our target audiences

With public health a high priority on the agenda for Barnet, it is essential that the leisure facilities currently owned by the council are an integral part of the delivery of increased participation to improve health outcomes. Leisure providers play an essential role in providing facilities and expertise which meet a variety of needs. In addition to hosting club sport, being involved in school sport and supporting elite and young athletes, they are key providers for the resident population. In addition to this there are several opportunities for leisure facilities to contribute to health improvement in addition to contributing to increasing participation in sport and physical activity. There is potential for more health and lifestyle interventions to be carried out in leisure facilities:

- Exercise on referral
- Cardiac rehabilitation
- Health checks
- Smoking cessation
- Weight management
- Stroke rehabilitation
- Physical activity opportunities targeted at specific population groups for which the market may not provide

This is not an exhaustive list, opportunities are developing all the time and access to physical activity and health appeals to people in different ways. Providers would need to work with the council and the FAB Partnership Board to determine how new developments could be delivered.

Leisure facilities should be regarded as a central supporting component to the creation of a model for Barnet which supports residents in becoming more active through building activity into lifestyles and everyday activities.

In line with councils across the country, this must be achieved within the context of continued significant financial pressures. In November 2011, the council set a savings target of £967,000 per annum against expenditure on the leisure contract as part of its Medium Term Financial Strategy (MTFS) from 2014/15 to reflect its ambition of moving to a zero-subsidy provision in the longer term.

The approaching end to the contract with the current provider Greenwich Leisure Limited (GLL) means that there is now a renewed urgency to define a sustainable solution to the provision of leisure facilities for Barnet that will increase and sustain the health and wellbeing of residents and continue to support the council's aim to increase participation in sport and physical activity.

### **1.1. Progress to date**

The SPA review has delivered a number of key outputs to date which have informed the recommendations in this document:

- 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 assessment identified the needs within the borough and where these are being met and where they are not. The aim was to provide the necessary evidence to ensure planning for leisure facilities is evidence-based and tailored to the specific needs of the borough and to facilitate future commissioning.

- A Sport and Physical Activity Strategy<sup>5</sup> defining the four key objectives to increase participation in sport and physical activity in Barnet and an accompanying delivery plan to deliver these objectives.
- The Fit and Active Barnet campaign launched in February 2014 which highlights and promotes events and activities available across the borough across target groups. Each month the campaign focuses on a specific event for additional coverage.
- 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 seek their opinion of the current services and facilities and explore with them what would support an increase in participation<sup>6</sup>.
- A soft market test with providers and partners which took place between August 2013 and April 2014 to discuss the opportunities for Barnet leisure centres and best practice in the market to improve participation while reducing expenditure.
- A sport and physical activity visioning workshop to define the aspirations for sport and physical activity across Barnet, informed by the findings from the needs assessment and residents' consultation.

Other documents which have informed this paper:

- A report on the financial and commercial assessment of Barnet's green assets
- Rapid Health Impact Assessment

A Strategic Outline Case setting out the need for change and potential options for further exploration for sport and physical activity was approved at Cabinet Resources Committee in October 2012. Following further analysis, a consultation with residents and engagement with the market and the current provider was undertaken. A subsequent Outline Business Case setting out options to achieve the review's objectives in 2014/15 was approved at Cabinet Resource Committee in November 2013.

---

<sup>5</sup> See appendix A

<sup>6</sup> [http://engage.barnet.gov.uk/adult-social-services/sport-and-physical-activity-review/user\\_uploads/final-leisure-services-report.pdf](http://engage.barnet.gov.uk/adult-social-services/sport-and-physical-activity-review/user_uploads/final-leisure-services-report.pdf)

## 2. Reasons for change

---

The council's current leisure contract is not currently delivering the public health outcomes the council is seeking and is coming to an end in December 2017 and as such will not contribute to meeting the SPA objectives for physical activity.

In order to comprehensively plan for the future, the council is faced with a number of key challenges as outlined in section 1:

- Increasing participation in sport and physical activity and the associated benefits for the wider health economy by providing a strategic direction and supporting infrastructure to change behaviours
- Increasing residents' satisfaction with the council's provision
- Exploring opportunities to increase the use of parks and green spaces to deliver SPA outcomes
- Moving towards a zero-subsidy model in line with the council's medium term financial strategy

### 2.1. Increasing participation in sport and physical activity

A key target from the review was to increase participation as measured through what was then indicator NI8<sup>7</sup>.

Indicator	2010/11	2011/12	2012/13
Sports participation - At least once a week	34.80%	36.20%	38.30%
Sports participation - Three (or more) times a week	14.60%	16.50%	18.00%
Sports participation - No sport	49.20%	48.60%	49.40%

*Sport England Active People Survey – Barnet*

The results of the Sport England Active People Survey show that Barnet's performance has increased between 2010 and 2013.

The target of a 3% increase in participation by 2015 set in Barnet's Health and Wellbeing Strategy was achieved against both indicators of sport participation 'at least once a week' and 'at least 3 times a week', as shown in the tables above<sup>8</sup> and Barnet is generally performing slightly above the national and London average.

Area	2010/11	2011/12	2012/13
England	34.80%	36.00%	35.70%
London	35.40%	36.50%	37.20%
Barnet	34.80%	36.20%	38.30%

*Sport England Active People Survey – England, London and Barnet*

However, the proportion of people not taking part in any sport is broadly unchanged and represents nearly half of the population of the borough. This will therefore be a

<sup>7</sup> Sport England Active People Survey 2011 to 2013, sport participation – at least once a week

<sup>8</sup> Sport England Active People Survey 2011 to 2013 – latest figures available

[http://archive.sportengland.org/research/active\\_people\\_survey/active\\_people\\_survey\\_7.aspx](http://archive.sportengland.org/research/active_people_survey/active_people_survey_7.aspx)

priority for the newly formed Fit and Active Barnet Partnership Board which will be driving the Delivery Plan of the SPA Strategy.

The needs assessment and residents' consultation reports reinforce these findings and indicate that there are concerns particularly over the level of participation for key target groups and that more can be done to ensure the provision matches the needs of the population:

- 11% of respondents to the residents' consultation said they never do any exercise<sup>9</sup>.
- There are less women than men accessing leisure in Barnet, less non-white groups and less people who live in the more deprived areas, in particular along the west side of the borough, but also in the Underhill area. Those groups who are less active in Barnet are also more likely to be suffering from lifestyle diseases. Intermediate levels of activity are to be found along the eastern fringes of the borough - Finchley/Woodhouse and Brunswick Park and the highest levels in the central areas, with the exception of Underhill.
- 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.
- The greatest public health benefit is to get these groups at least minimally active.
- Data for children and young people levels of activity is poor due to the lack of a requirement to record this information. The data that does exist is limited but suggests that Barnet children and young people may be less active than the national average.
- The data does suggest that young people in Barnet, as other areas, become less active through their school career, thus reducing their propensity to maintain an active lifestyle into adulthood.
- In terms of volunteering and club membership in Barnet, club membership is high but this reflects the affluent nature of the borough since this would include membership of health and fitness clubs. The level of volunteering 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 sport. Many grassroots clubs that support young people in being involved in sport and physical activity are dependent on volunteers.
- In addition the infrastructure of community-based organisations is potentially threatened by low levels of volunteers, this suggests that Barnet has an over reliance on private health and fitness clubs.
- Overall Barnet participation is high in affluent populations and lower in deprived groups.

---

<sup>9</sup> Barnet SPA residents consultation (workshops and telephone survey) October 2013

## 2.2. Increasing satisfaction with sport and physical activity provision

### General satisfaction is low

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

- Only 38% of the borough's residents are satisfied with council-owned leisure centres in Barnet. Although this is an improvement compared to 2012/13, this makes council-owned leisure services one of the 5 services for which Barnet is performing worse than London as a whole (48% for London) for resident satisfaction<sup>10</sup>.
- 52% of those who actively use leisure centres are satisfied with services compared to 59% in London in the Barnet Residents Perception Survey 2013. 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 facilities in their area<sup>11</sup>.
- 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 sport<sup>12</sup>. 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 people felt that they might like to do if they could overcome some of the personal barriers and had the opportunity<sup>13</sup>.
- 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.

---

<sup>10</sup> Barnet Residents' Perception Survey 2013-14 <http://engage.barnet.gov.uk/consultation-team/residents-perception-survey-2013>

<sup>11</sup> Barnet SPA residents consultation (workshops and telephone survey) October 2013

<sup>12</sup> Sport and Physical Activity Needs Assessment September 2012

<sup>13</sup> Sport and Physical Activity Needs Assessment September 2012

## The current contract for leisure facilities does not focus on increasing participation outcomes

Although satisfaction with the leisure centres managed by GLL (as measured by GLL) is generally good at 85% overall satisfaction based on GLL's satisfaction survey, it is lower than the average across all GLL-run centres, which is 89%<sup>14</sup>. This also contrasts with the Barnet Residents' Perception Survey 2013/14 which suggests lower levels of satisfaction with only 52%<sup>15</sup> of users of council-owned leisure facilities 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. Although GLL currently employs a community sports officer responsible for engaging with local groups/organisations to improve access and opportunity, there is a real need to enhance and explore additional measures that would contribute to and support the SPA strategy objectives. 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 does not address the value for money issue of the current contract.

The facilities, especially astro pitches and studios, are operating under capacity, as shown in the table below. This may indicate 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 does not seem to provide the right incentive for them to deliver improvements to the service provision.

The Barnet Youth & Community Service, through their work with local sports clubs and organisations, have been made aware in the past that a number of organisations have found the cost of regular facility hire to be restrictive in terms of their longer-term development. Many have even had to reduce their provision due to leisure centre hire costs.

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

<sup>14</sup> GLL Annual User Survey 2013, 2% up from 2012

<sup>15</sup> Barnet Resident Perception Survey 2013-14, 1% down from 2012

### **2.3. Exploring opportunities to increase the use of parks and green spaces to deliver SPA outcomes**

Barnet has a significant number of parks and open spaces that could be better used 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 area<sup>16</sup>, this could be a missed opportunity for the council not to use these assets further 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 outdoors (compared to 29% only indoors – 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 spaces<sup>17</sup>.

A number of the existing facilities are within or near green spaces and would benefit from a better integration between these services.

There are a number of benefits from, for example, the use of outdoor gyms.

#### **Health benefits**

The health and wellbeing benefits of exercising using outdoor gyms are not greatly different than benefits of being active. Adults doing 30 minutes of at least moderate intensity physical activity on at least 5 days a week helps to prevent and manage over 20 chronic conditions, including:

- Coronary heart disease
- Stroke
- Type 2 diabetes
- Cancer
- Obesity
- Mental health problems
- Musculoskeletal conditions

#### **Other benefits**

- Provides a fitness facility for those who cannot afford a gym
- Creates a facility of benefit to a very broad section of the community
- Encourages inter-generational activity
- Provides opportunities for mums and adults visiting playgrounds

---

<sup>16</sup> Barnet SPA residents consultation (workshops and telephone survey) October 2013

<sup>17</sup> Barnet SPA residents consultation (workshops and telephone survey) October 2013

- Encourages the use of parks and public spaces
- Creates a community facility that encourages social interaction
- Increases walking as many people walk to parks to use the outdoors gym equipment
- In children and young people, encourages better concentration in school and displacement of anti-social and criminal behaviour.
- Save money by significantly easing the burden of chronic disease on the health and social care services.

#### **2.4. Moving towards a zero-subsidy 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, took part in the discussions and contributed their views on how the council could deliver a more efficient and effective sport and physical activity provision. The key findings from these discussions 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.
- All providers (including GLL) 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. Most providers went further and said the council should aim for a surplus/gain-share arrangement as part of a new contract to generate income which could be re-invested in the sport and physical activity provision.<sup>18</sup>

The current contractual commitment includes a c. £1.2m annual management fee which the council pays to GLL 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 (specifically the uptake of physical activity and the benefits derived from this) and no longer represents value for money at a time where new models of leisure service provision are moving towards being cost-neutral or income generating.

As a result of these findings, the council undertook negotiations with GLL to discuss proposals for a reduction of the management fee for 2014/15 (presented in the business case put forward to Cabinet Resource Committee in November 2013). Following due diligence, these savings will not be realised.

Further negotiations took place over the period of December to April 2014 to discuss solutions for the longer term. The outcome of these discussions is outlined in section 5.

---

<sup>18</sup> Soft market test conducted with a number of leading leisure providers (including private sector and not-for-profit organisations) between September 2013 and April 2014

## 2.5. Conclusion

The current delivery model for sport and physical activity does not offer a sustainable model to deliver public health outcomes. Residents' feedback<sup>19</sup> 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.

There is also no 'one size fits all' approach to getting people active. Although 'universal' provision plays an important role, many of the target groups will only respond to a targeted, fit-for-purpose approach. This approach has been adopted by the Youth & Community Service who uses sport and physical activity as a tool to engage disengaged young people. Some work is in development to look at how this can be extended to older people, carers and those with disabilities and more needs to be done by the council and partners to deliver a sustainable long term solution.

Finally, the council is facing a financial challenge where the current contract and the underpinning £1.2m annual management fee must be reviewed to look at alternative delivery options to work towards a model that is cost neutral to support the effort to reduce expenditure.

---

<sup>19</sup> Findings from area-based workshops conducted with residents in Sep/Oct 2013

### 3. Aims & objectives

---

The SPA review was initiated as part of Barnet's corporate change programme supporting Barnet's corporate strategy through a focus on early intervention, prevention and community wellbeing.

The review has two key strategic objectives:

1. **Improve levels of participation in sport and physical activity within the borough by 3%<sup>20</sup> by 2015** to ensure that key public health objectives<sup>21</sup> are achieved. In particular, the Barnet Health and Wellbeing Strategy<sup>22</sup> 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 for the remainder of the current leisure contract. An aspirational aim is to achieve a zero-subsidy provision by 2018.

The core strategic outcomes expected from the SPA review 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 (including social isolation and social care outcomes more widely).
- 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 SPA 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.

Since the previous business case presented at Cabinet Resource Committee in November 2013, the council has refined its vision for sport and physical activity services and it recognises that the approach taken in the long term will need to be a borough-wide, integrated approach that promotes sports pathways.

---

<sup>20</sup> as measured by NI8

<sup>21</sup> Inclusive of the health and wellbeing outcomes as incorporated into the current health and wellbeing strategy and public health commissioning strategy

<sup>22</sup> [https://www.barnet.gov.uk/downloads/download/1056/barnet\\_health\\_and\\_wellbeing\\_strategy](https://www.barnet.gov.uk/downloads/download/1056/barnet_health_and_wellbeing_strategy)

## 4. SPA review products

---

The SPA review has led to the development of a number of products to support the achievement of the review's objectives.

### 4.1. SPA strategy

The council has developed an SPA strategy statement which sets out the four key objectives for sport and physical activity in terms of public health outcomes:

- 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 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.

This strategy statement was reviewed and updated following the feedback received from the residents' consultation which has also informed the development of the SPA Delivery Plan. The updated statement and draft delivery plan were presented at the Health and Wellbeing Board at committee meetings in March and June 2014.

The ability to access sport and leisure opportunities in Barnet is vital to the development, implementation and monitoring of an effective strategic and integrated approach to achieve these SPA outcomes. This will require that council services are developed alongside other partners. The SPA Strategy will be implemented through two routes:

- The re-procurement of the leisure contract recommended in this document, working with the provider to deliver the objectives of the strategy as part of the contract
- The FAB Partnership Board

### 4.2. SPA Delivery Plan

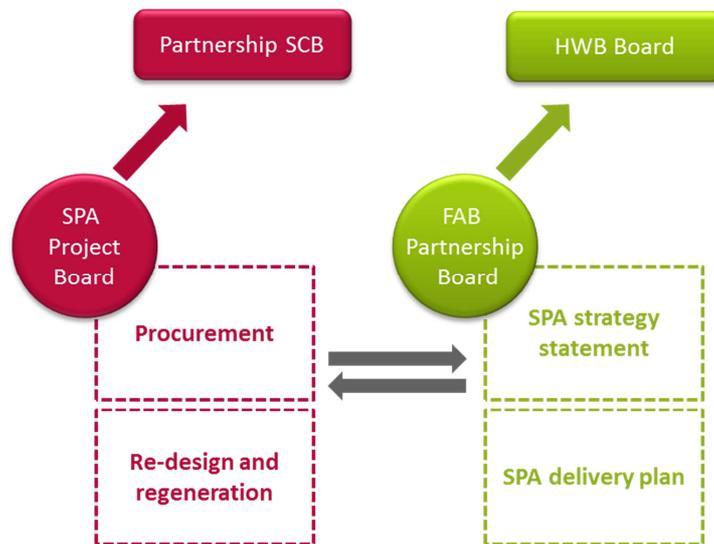
The SPA delivery plan, which translates the SPA strategy into action to ensure public health gains, will be the main focus for the FAB Partnership Board. At present a high level plan has been developed with the intention of enabling the FAB Board to take this forward with partners. The plan aims to run from 2014 -2018 with an annualised plan devised by the board.

The SPA Delivery Plan has been produced internally by the FAB Reference Group which currently supports the FAB Campaign and the development of the FAB Partnership Board. The delivery plan sets actions to take forward each objective of the SPA Strategy and identifies the local strategy which links with the actions and SPA objectives. This is essential as the broad reach of the SPA objectives impact much of the business of the council, in both a national and local context.

### 4.3. FAB Partnership Board

The SPA strategy objectives have been agreed by the Health and Wellbeing Board and form the basis for the SPA delivery plan. The Health and Wellbeing Board agreed on 12 June 2014 that the responsibility for the SPA Strategy Statement and SPA Delivery Plan will sit with a new FAB Partnership Board, branded the same as the campaign to aid recognition. Work is underway to ensure that the four SPA objectives are built into other teams' corporate planning. The internal relationships have been established and are working well. There are some areas which require strengthening – in planning and highways – and these will be the focus in the short term.

Initially the FAB Partnership Board will work alongside the SPA Project Board until such time as the work can be easily split between them but essentially the responsibility for the leisure contract will be that of the SPA Project Board and the SPA Strategy will be the responsibility of the FAB Partnership Board.



*Relationship between the SPA Board and the FAB partnership board*

It is envisaged that the FAB Partnership Board will consist of council officers with responsibilities in this field and external partners. The involvement of a range of representatives is essential in order to cover the breadth that the SPA objectives are set to achieve. The remit and scope of the council means that it can offer a contribution in meeting the SPA objectives and are central to assisting in the development of policy that can help to address issues which may be difficult for other agencies to resolve or that are simply too large for some other partners to handle. However there is a limit to what the council can achieve as a single organisation

especially since driving the development of physical activity and sport is best supported by experts and professionals in this field. There are many influences both local and national on how physical activity and sport will develop in Barnet. These include economic development and the development of the sports market in Barnet, national policy on sport, engagement of schools, universities and colleges and the extent of the engagement of NHS providers and how communities see their place in contributing to making physical activity a meaningful priority. The council will need to ensure that partners involved in discussion and decision-making are in a position to represent their organisations at the level which corresponds to decision makers. The members of the FAB Partnership Board will form an expert group for Sport and Physical Activity, assisting in delivery and defining strategy for the future with a knowledge base that will complement the responsibilities of the council.

The development of the FAB Partnership Board will take place on the 9<sup>th</sup> July 2014, with a facilitated meeting to agree the terms of the reference and membership and review the draft SPA Delivery Plan with a view to agreeing responsibilities for the partners. The event will also determine the membership of the board though it is anticipated that this will be drawn from the decision makers in the sport and physical activity community which influences Barnet. The membership pool for the FAB Partnership Board includes:

- Leisure Providers
- Colleges/universities
- School, children and youth
- Clubs & sports orgs
- London Borough of Barnet/R<sup>E</sup>
- Communities
- London Sport North
- NHS
- Population Group Representatives – Older people/disabilities etc.

The next step will be for the FAB Partnership Board to take ownership of the Delivery Plan, which builds on the work undertaken with partners such as the vision workshop. The FAB Partnership Board will be expected to ensure that these issues are part of the FAB Partnership Board's response to taking forward the SPA objectives.

#### **4.4. SPA vision workshop**

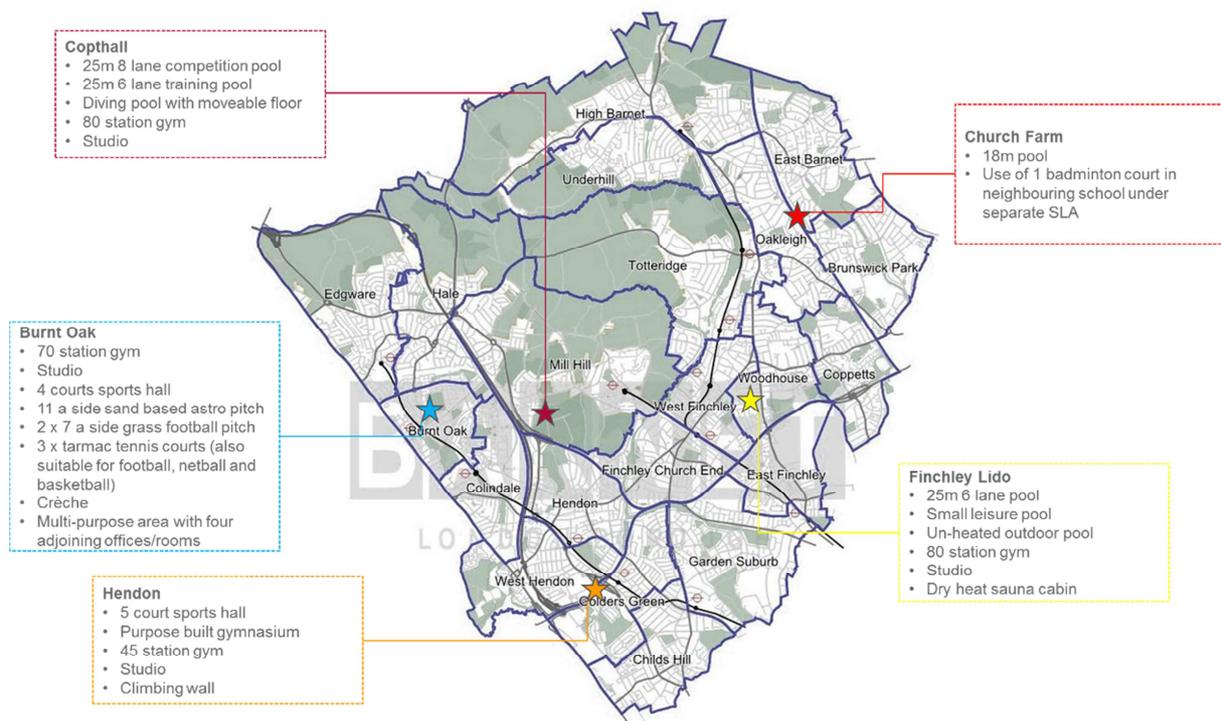
The council ran a workshop with internal stakeholders in February 2014 to define its vision for sport and physical activity based on:

- SPA strategy objectives
- Findings from the SPA needs assessment
- Findings from the consultation with residents
- Understanding of existing facilities and opportunities linked to each facility

- Understanding of the importance of creating comprehensive sport pathways to support participation

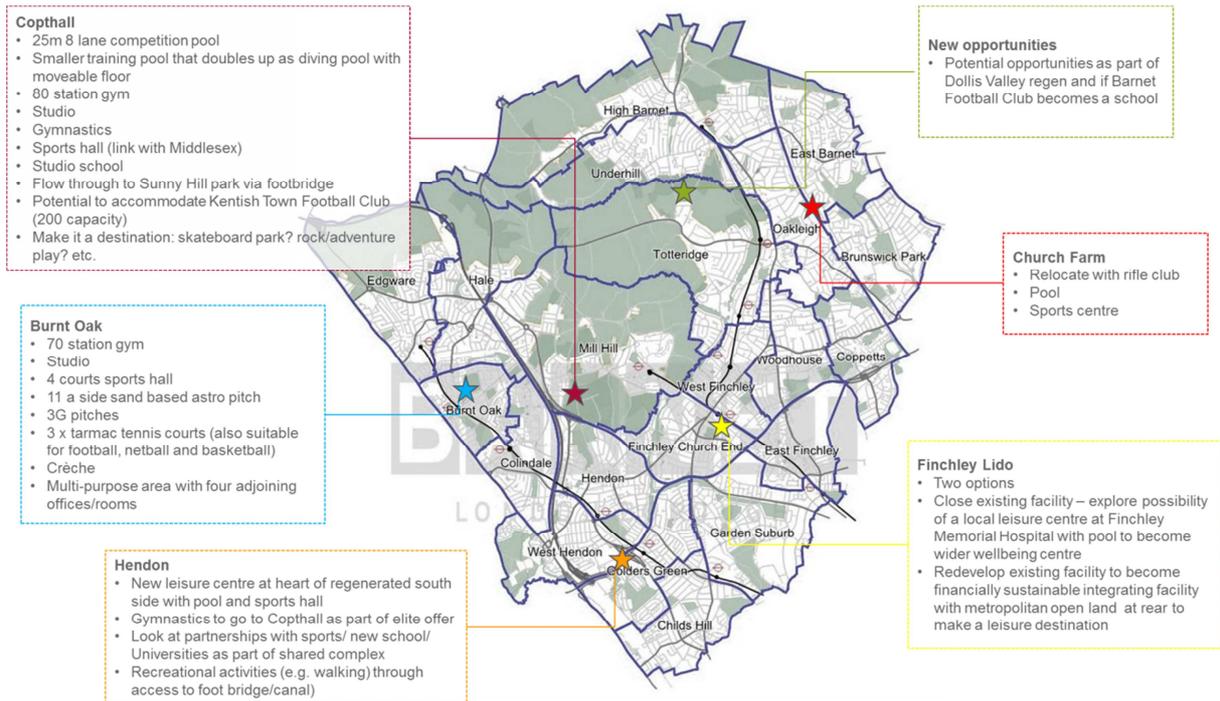
The output of the workshop was a new vision for sport and physical activity for Barnet which would include:

- A **locality-based offer** ensuring people have access to local facilities and that these closely link with their localities including clubs and schools around Hendon, Finchley, New Barnet and Burnt Oak
- A central sports and physical activity 'hub' which would also double as a **centre of excellence for elite sports** at Cophthall
- A **better integration of sport and physical activity and green spaces** to create destinations and encourage residents to get onto sport pathways
- A more **pro-active approach to using existing facilities** and create opportunities for sport and physical activity where appropriate in new developments (e.g. new schools, regeneration sites etc.)



*Existing facilities locations and provision*

The map overleaf sets out some options for what the future provision may look like.



*Proposed vision for facilities*

Going forward, the locality-based sport and physical activity centres will be better integrated with existing provision and green spaces in the area to better serve the needs of the communities they provide for.

As indicated in the introduction, this vision will require clear leadership and ownership to support the development of the locality-based sport and physical activity centres and how they integrate with their communities as well as to ensure an integrated approach within the council to support the work for the FAB Partnership Board.

The council is reviewing its approach to sports development and how it can build from existing resources across its core services to provide:

- Clear accountability and a single view and point of contact for internal and external partners
- Delivery support focusing around the core areas of prevention and early intervention including for older adults, youth, parks and open spaces and public health

This vision for the future of the five leisure facilities will deliver an improved and integrated offer for sport and physical activity in Barnet which in turn will lead to increased participation and better public health outcomes. It will also enable the council to deliver sport and physical activity services at zero-subsidy.

## 4.5. Vision and delivery mechanisms for Copthall

### *The opportunity*

Copthall offers a significant opportunity for an integrated sport and physical activity provision. Development here will support the council's strategic objective of delivering increase participation in sport by providing a borough-wide hub for elite sport at the end of the sport pathway spectrum started in localities through the local sport centres and clubs/sports development activities.

The site would become a high quality destination which combines elite and grassroots sport, building on the existing community offer provided by Saracens and widening the opportunities for partners to help make the site meet the needs of residents.

There is also an opportunity to build on the legacy from the Paralympic Games to develop a grassroots and elite disability sport provision on site, working with local sports clubs, Middlesex University, Saracens, sports governing bodies and other partners.

Finally, this is a chance for the council to ensure the wider site (walking and cycling paths, playing fields and wider green spaces) are better integrated with the other facilities and contribute to encouraging people to be active.

### *Planning considerations*

The Copthall site falls within the Green Belt where development is restricted by national planning policy. Very special circumstances are required to overcome the fundamental principles of restricting development in the Green Belt. Although the precise make up of facilities on site has not been finalised at this stage, it is expected that the best approach to secure planning consent will be to take a whole-site, integrated approach through a master plan clearly setting out the special circumstances and how such a development will deliver community benefits, whilst not increasing the footprint of the development.

The alternatives to a master plan approach include:

- Piecemeal development
- Reviewing the Green Belt boundary

The former is considered to be disadvantageous to the council's ability to secure consent for its own facilities, and the latter will take too long as any changes to the boundary or the allocation of the site for development will have to be undertaken in a review of the Core Strategy or the Site Allocations Development Plan Document.

### *Benefits*

The workshop in February 2014 also outlined aspirations to use the natural open space to encourage greater sports participations and activity. This may be in the form of a trim track or improvements to the Copthall Open Space and linking that

space with improved access to Sunny Hill Park to the south. The disused railway provides direct walking links to Mill Hill Underground station. Not only does this continue to provide a pleasant walking network, but an opportunity to provide the most direct route for travelling rugby fans to the London Underground network.

Access improvements could make provision for public transport into the site for shuttle buses (on match days) and coaches. Cycling to the site could also be considered with use of the disused railway and improved access to Sunny Hill Park.

Other benefits that development of the sport and physical activity facilities will bring include:

- Increased participation and activity, particularly if investment is made in improving access for pedestrians, cyclists and public transport
- Increased use of [the free] informal recreation of the open space linked to the disused railway and Sunny Hill Park. Walking is the number one activity in the borough, followed by swimming and cycling. All three uses can be improved at Copthall. There are synergies between these uses, with for example residents walking or cycling to the site as either part of the physical exercise or an activity by itself.
- It will form part of a borough-wide sports and physical activity investment and management programme and would put the public leisure and sports service on a more sustainable footing
- The existing Copthall Leisure Centre is not financially sustainable, and requires significant public subsidy. A new complex, developed with input from management partners, will be more attractive to the market, generate greater income and therefore, afford periodic maintenance, improvements and servicing.
- There is an opportunity to consider more environmentally sustainable forms of development. This includes achieving a very good or excellent BREEAM standard, and reducing the need for private car journeys by improving public transport, pedestrian and cycle routes.
- The government encourages the positive use of Green Belt to improve health and well-being.
- The creation of a sub-regional centre for sport and physical activity which provides for all age groups, is inclusive, and caters for aspirational as well as elite sports participants.
- Provides competition standard facilities which are integrated to broaden the training facilities for aspiring and elite participants – for example the use of the pool, gym, outdoor facilities and primary sport facility to provide a variety of training facilities.
- Re-developing the leisure centre with input from leisure providers can include the provision of consultation rooms, allowing for the integration of sport and physical activity with public health initiatives such as health checks, health consultations etc., breaking some of the barriers to participation such as the fear of entering a leisure centre
- Copthall is close to Colindale which has the lowest participation levels in the Borough and contains the largest priority target group. Colindale also has the greatest health need. Furthermore, such proximity will enable the new

facilities to cater for the increased population in Colindale over the next 10 to 15 years.

### *Case studies*

A number of councils have found innovative ways to develop a similar sport and physical activity 'hub' that supports increased participation in sport and physical activity and delivers added benefits which the council are keen to explore to achieve similar benefits:

- Partnering with Universities – Hertfordshire Sports Village: the new sport centre is located within the Hatfield Campus and managed by the University with the facilities also available to the public.
- Sports 'hub' – Basildon Sporting Village: the Basildon Sporting Village is a centre of excellence for sport and physical activity in Essex is one of the most popular sporting facilities in the region, catering for both local residents as well as a local, regional and national events and has driven a high increase in participation
- Income generation – Westminster Lodge, St Albans: this new facility provides high quality leisure services for residents and generates significant income that the council is able to re-invest in sport and physical activity initiatives
- Creating a destination – the Hub, Regent's Park: this facility has been successful in creating a destination by combining excellent changing facilities for the surrounding playing fields with a visually non obstructive design (the facilities are mostly underground) and a great ancillary venue in the form of a café with 360 views over the playing field on the top floor (with lift).

### *Working with partners and the private sector*

A financial and commercial assessment of Barnet's green assets was undertaken to look at the impact of including Cophall's green spaces as part of a wider package for a whole-site approach at Cophall. This exercise found that doing so would not be detrimental to the financial or commercial position of the rest of the council green asset portfolio and that better outcomes could be achieved if the site was taken forward as an integrated development opportunity as part of the next steps of the SPA project.

As a result, the council has started discussions with partners including Middlesex University and Saracens Rugby Club to explore how an integrated offer could be developed on the site. Saracens Rugby Club is keen to develop their professional rugby and multi-sport community offer on the site and Middlesex University is keen to strengthen the link to their nearby campus and use the site for their sport faculty with students taking a role in supporting the development of the community offer on site. These discussions have led to the option to explore a trust model which could include the council and key partners as well as residents' representative to manage the site.

This approach will ensure:

- A whole site/integrated approach to re-development

- Management of the site to deliver the outcomes of the SPA strategy
- Coordinated approach to planning
- Alternative funding routes not necessarily open to partners individually and a stronger case for sports governing bodies to support the development of the site
- The opportunity to re-invest any surplus income into the site through the trust arrangement
- Clear governance for the management of the whole site

Discussions are on-going with both partners to establish the key requirements for the site and what approach should be taken to develop the trust. Discussions have also started with other partners on site to understand how they can contribute to this vision and more engagement will take place with leaseholders and users at Copthall during the next phase. These will conclude within the feasibility study timeframe (see section 5.4 for delivery timeframes).

This approach is in addition to the recommendations in this paper and the Copthall leisure centre will still form part of the package of leisure facilities put forward in a procurement exercise. The winning provider will become a key stakeholder in any future trust when appointed.

## 5. Options for the council's leisure contract

---

### 5.1. Options

#### Reminder of the current contractual position

On 31st December 2002 the council entered into an agreement with Greenwich Leisure Limited (GLL) for the management of its leisure facilities for a period of fifteen years. The sites involved were licensed to GLL and, along with their day-to-day management; GLL took responsibility for all repairs and maintenance other than the supporting walls and roofs.

Since the formation of the contract, the council has also become responsible for public health and, whilst there is an undoubted link between this and the provision of leisure services, the existing contract does not include any requirement for GLL to provide these services. As a consequence, these are commissioned separately and incur additional cost.

As a result of recent market engagement the council believes that a freshly procured leisure services contract should deliver a zero subsidy outcome. With this in mind, the council commissioned a legal review of the existing contract with a focus on the contract management, variation and termination procedures described within it. The intention was to assess the council's options for early severance of the existing arrangement.

The review found that *'there are no provisions in the contract which allow the council to terminate the contract at an earlier stage than the current expiry date of December 2017'*. Any early severance of the contract would therefore have to be mutually agreed between the council and GLL, and be likely to incur a cost.

#### Early Severance of the Existing GLL Contract

As discussed above any early severance of the existing contract will need to be agreed on a mutual basis. GLL's current position is that the remaining contract period will attract the full management fee. GLL see early severance as a risk to the way their not for profit organisation operates. The nature of the council's contract with GLL means that there is no leverage to negotiate a better position.

The management fee is calculated from the original 2003 GLL bid uplifted annually, with agreement from the council. GLL are a major provider of leisure services, working with thirteen of the London Boroughs. The contracts they win tend to be of long duration and their bids, through each tender process reflect commercial costings over this timeframe. They want to discourage early severance as an option, for all their customers, believing that if service levels are acceptable both sides should see out their side of the agreement until expiry.

The payment of an early severance fee to GLL carries a risk that could result in a challenge to the subsequent procurement. If, for example, the council's re-procured

contract started on 1<sup>st</sup> April 2017, the severance fee payable to GLL would be £1,040,584. As a not for profit organisation and a charitable social enterprise GLL are likely to invest any surplus in their current operations over the 12 London boroughs that they operate in. Alternatively they could use the money to subsidise the bid costs they incurred in tendering for our re-procured contract. The market might see this as the council handing GLL an unfair advantage in the procurement process, it might also conclude that the council did this to ensure GLL's success in the bidding process. The risks are that too few suppliers bid for the council's contract or that a GLL win is challenged by an unsuccessful supplier.

The current calculation of the GLL management fee, based on the calendar year is:

Severance Fee	2015	2016	2017	Total
Annual Severance Fee	£1,159,399	£1,202,162	£1,387,445	<b>£4,867,826</b>

This converts to the council's financial year as follows:

Severance Fee	2014/15	2015/16	2016/17	2017/18	Total
Annual Severance fee <sup>23</sup>	£1,128,964	£1,170,090	£1,248,483	£1,040,584	<b>£4,867,826</b>

## Summary of options

There are three main options available to the council:

### 1. Re-Procurement

The existing contract will inevitably need to be replaced before expiry in December 2017. The decision to re-procure means that a variety of potential solutions can be evaluated in detail as an integral part of the procurement process. There are, however two main choices within this option;

- a) New leisure site management contract – where the five leisure sites transfer to a new management contract either at the expiry of the existing contract or through an early severance process. With this option the council will retain ownership of the assets and control over how they are managed and used. The new contract could include the re-development options for Copthall, Church Farm and Finchley and build in the provision of public health services.
- b) Asset transfer – the five leisure sites are transferred to a third party either through a land sale or to a long lease, of up to 99 years. With this option the council relinquishes control over how the assets are managed and developed. The long lease will retain some control but the more restrictive the lease the less attractive it becomes to the market. The market is not used to this kind of large scale lease and it is not known how attractive it would be to them.

<sup>23</sup> The fee will be a pro-rata figure based on the date at which the severance takes place

The re-procurement option would provide a detailed analysis of the choices above and invite interested suppliers to submit innovative proposals during the tender process.

## 2. Cease providing leisure services

This would achieve some savings although these would be offset by site disposal, redundancy costs etc. It clearly does not support the council strategic objectives and carries a risk of degradation of public health outcomes. It may be unpopular with residents

## 3. Extension of existing contract with GLL for five years

Whilst the current contract expires on 30<sup>th</sup> December 2017, there is provision to extend after this date.

An extension agreement would give the council some flexibility to alter the existing terms and conditions, although these could not be 'substantially' changed so as to look like a completely new contract. These changes would not be as comprehensive as those provided by a new procurement process.

During recent negotiations with GLL, they have provided a proposal for a five year extension to the existing contract. This leads to a management fee that reduces every year during the extension period but does not reach a position of zero subsidy.

## 5.2. Options Appraisal, Methodology and Process

All the options discussed in this paper have been appraised using the following criteria and scoring system. Of the five criteria there are two financial (40%) and three qualitative (60%), given equal weight.

1. Achievement of MTFs Savings of £967K p.a. for the remainder of the existing contract.
  - a) Fully achieved savings – **score 5**
  - b) Achieve 70% of savings – **score 4**
  - c) Achieve 50% of savings – **score 3**
  - d) Achieve 25% of savings – **score 2**
  - e) Achieve no savings – **score 1**
  
2. Achievement of zero subsidy.
  - a) Achieve zero subsidy from 2015 – **score 5**
  - b) Achieve zero subsidy from 2016 – **score 4**
  - c) Achieve zero subsidy from 2017 – **score 3**
  - d) Achieve zero subsidy from 2018 – **score 2**
  - e) Does not achieve zero subsidy – **score 1**

3. Contribution to SPA review project Objective 1 (increased participation). The projects target increase is 3% around two indicators of sport participation 'at least once a week' and 'at least 3 times a week'
  - a) Likely to give a 3% increase in both indicators – **score 5**
  - b) Likely to give 3% increase in one indicator – **score 4**
  - c) Likely to increase in both indicators but not 3% – **score 3**
  - d) Likely to give an increase in only one indicator – **score 2**
  - e) Not likely to increase participation – **score 1**
  
4. Contribution to the council's vision for leisure as described in the outputs from the leisure vision workshop from Feb 2014.
  - a) Fully meet the council's vision for leisure – **score 5**
  - b) Likely to meet 70% of the council's vision for leisure – **score 4**
  - c) Likely to meet 50% of the council's vision for leisure – **score 3**
  - d) Likely to meet 25% of the council's vision for leisure – **score 2**
  - e) Does not meet the council's vision for leisure – **score 1**
  
5. Level of risk – from the project risk assessment
  - a) The option with no risks – **score 5**
  - b) The option with all low risk – **score 4**
  - c) The option with majority of medium risks – **score 3**
  - d) The option with majority of high risks – **score 2**
  - e) The option with all high risks – **score 1**

### Option Score

Options/Criteria	1	2	3	4	5	Total	Assumptions
Re-procurement	1	2	5	5	3	<b>16</b>	<ul style="list-style-type: none"> <li>Date of achievement of zero-subsidy (2) based on first full year.</li> </ul>
Cease providing leisure services	4	4	1	1	2	<b>12</b>	
Extension of existing contract with GLL for five years	2	1	3	2	2	<b>10</b>	<ul style="list-style-type: none"> <li>Criteria 3 and 4 around increased participation and achievement of leisure vision rated 3 based on limited flexibility for achievement in the 5 years of the extension and although could be achieved fully in the following 5 years of a new contract, these have been rated lower than for example option 1 as it will take significantly longer to achieve.</li> </ul>

### 5.3. Commercial strategy

The overall commercial strategy for SPA needs to address several strands of activity.

One necessary focus has been on the achievement of MTFs savings up to the 2017/18 financial year together with a roadmap to get to a leisure management contract that attracts zero subsidy. The target savings within the existing contract are the biggest challenge with room to negotiate severely limited, both by the existing

terms and conditions and an incumbent supplier that has no incentive to drive these savings during the limited time left on the existing contract.

There is no doubt, however from the council's soft market testing, that a zero subsidy model is achievable via a new procurement exercise. Indeed some of the more optimistic suppliers believe that the council can be confident of moving to an income generating model. How and when this might occur during the life of a new contract is very difficult to estimate.

Public health initiatives are also poorly served by the existing contract; this is understandable as in 2003, when the existing contract was let, such initiatives did not have as high a profile as they do now. A new commercial approach to leisure provision can address this through the existing suppliers to this market. All the major providers are placing themselves in the public health arena and recruiting specialists in this field to service their clients' expectations.

It is, of course, possible to separate the provision of public health services from the management of leisure centres and some of the options described below would necessitate this commercial approach.

The council is already aware that three of its leisure centres are reaching the end of their lives and some capital investment will be required if these centres are to continue to serve the borough's residents and be more suitable to deliver public health interventions. The need for this capital investment will be decided as a result of the feasibility study and the mechanism for how and who will provide this investment can be decided through any procurement process.

The land asset values contained within this business case are based on those contained with the council's asset register. These maybe unduly pessimistic in the current climate and there is the possibility that the sale of these assets may generate more value than the figures expressed here.

During the soft market testing all suppliers were asked about their experience with local authorities transferring their assets to the market. Only one supplier, Fusion, had any experience and that was on a small scale with only individual sites being transferred.

From other research only one Local Authority, Swindon, has embarked on the transfer of its entire leisure estate to a third party.

## **Considerations**

Option 1, the re-procurement, opens up a variety of choices that will need to be tested with potential bidders through the tender process. The tender process will, if constructed in the right way, also enable suppliers to propose innovative solutions to both the service and the funding to meet our detailed requirements.

The tender specification does not need to be too restrictive and should take an output based form where the bidders are encouraged to provide solutions.

Option 1 will require a full OJEU tender process with the potential to ask suppliers to bid against different scenarios, one of which would be asset transfer.

Option 3 requires the offer of an extension to be made to the incumbent supplier Greenwich Leisure limited (GLL). The current contract allows for an extension but the council's corporate procurement rules may require a waiver to be sought before an extension can be agreed.

The extension offer on the existing terms such that any reworking of them does not make the resulting contract substantially different from the existing one. The acceptance of an extension offer is not mandatory so either party can decline to enter into it.

### **Public Health Considerations**

Commercial considerations in the council's approach to its public health interventions could also form an important part of the procurement process perhaps contributing to the qualitative assessment of bids.

Option 1 through a tender process, can specify overall public health strategic objectives together with outputs, KPIs and some idea of the cost. The tender can be constructed with 2 lots one for the leisure centre management and 1 for the provision of public health services.

There is an argument that public health services, while not dependent on the leisure centre buildings, are best provided by the same supplier that manages these services.

Options 2 and 3 would not be able to integrate public health services in the same way.

For Option 2 a separate public health partner could be sought through a procurement process but the council would still need to define its requirements, outputs and measures of success through a specification that would form part of the tender documentation. There will be a separate cost to this if not linked to the leisure centre management contract.

For Option 3 there is no doubt that GLL could provide the type of service required by the council. It is, however, outside of the scope of the existing contract and would therefore attract an additional charge.

Alternatively the public health interventions could be commissioned on an ad hoc basis as and when they might be required.

If the public health provision is not included within the wider leisure centre management contract then it is unlikely to be possible to vary the contract to include these services at a later date.

## 5.4. Detailed options appraisal

### Option 1 – Re-procurement

#### *Public Health considerations*

As outlined earlier in this document the existing contract does not incentivise, or compel, the current supplier to be pro-active in respect of the council's strategic aim of increasing sports and leisure participation within the borough. In addition after eleven years of the existing arrangement general satisfaction with sport and physical activity provision is low (section 2.2).

The existing contract was not tendered with any public health targets or specified outcomes. GLL do provide these services but they attract an extra cost to the council with particular services being commissioned as and when they are required. The council are currently looking at GP referral and weight loss management services. Any new procurement would have public health issues at its heart and a new contract could be more proactive in setting public health key performance indicators and outcomes. Any re-procurement option would get these targets enshrined within the terms and conditions of contract. However, this is not the end of the story and the council would need to pro-actively manage any new supplier to develop a genuine partnership working.

#### *Contract*

Over and above the ability to include public health outcomes, a re-procurement would also strengthen the contractual relationship between the council and a new provider. The council would be able to design more appropriate terms that enable it to more effectively, and proactively, manage performance. Other requirements could be included, for example the majority of potential suppliers are used to providing sports development officers as part of modern leisure services contracts.

#### *New Contract Duration*

From the soft market testing the new contract would need to be for ten years or longer to deliver at least a zero subsidy position. A longer contract term, twenty to twenty five years is highly likely to enable the winning supplier to re-develop elements of the leisure estate and recover the cost of any capital investment and its associated borrowing. There is also a chance that a contract of this term, with modern well designed leisure centres, would be able to generate an income stream that could be managed by a surplus / profit share relationship with the supplier.

The financial models for this option are based on a twenty five year contract term and the assumption that this term will be sufficient for a supplier to recover the costs of their capital investment and generate an income through a surplus / profit share arrangement.

### *Pre-procurement Phase*

From the soft market testing exercise with potential suppliers and GLL, there are four particular elements that a tender document would need to include to ensure successful procurement exercise and attractive proposals from the market:

- A comprehensive, costed, condition survey for all of the council sites
- An accurate estimate of the funds available for any capital investment
- A description of where each site needs to be in terms of their re-development, configuration and mix of sports and activities
- A strong definition of the public health outcomes expected by the council

The council already has:

- A condition survey taking in all sites completed in 2012.
- A needs analysis survey for the borough completed in 2012
- Attendance and membership details for each site (from GLL)
- Running costs and income for each site (from GLL)

The pre-procurement stage therefore needs to ensure that this information is available and used to construct a specification and a contract that reflects the council's needs.

The three sites for which re-development is required to achieve the vision set out in Appendix J are Cophall, Finchley and Church Farm. This vision together with the information above can be used as a basis to build a master plan for all sites and to feed into a feasibility study. On completion this will give the council an accurate definition of how it wants to re-develop the three sites in question. The redevelopment of the Hendon leisure centre will be taken forward as part of the Brent Cross/ Cricklewood regeneration programme.

The council is also considering the creation of a trust to oversee and manage the entirety of the Cophall site. This trust could include the council, residents and other partners within the borough. The re-development of the leisure centre buildings on the site together with the formation of a trust would be considered and defined through the feasibility and masterplan phase of the project.

The activity around the master plan and feasibility study will take an estimated six months to complete. The more effort that is put into this pre-procurement phase to define the council's requirements, the higher the likelihood of the procurement phase delivering an appropriate contract.

The feasibility study will feed into the development of the specification which will take about three months to finalise. The specification is a critical document and will define the council's requirements as it goes out to the marketplace.

Once complete the procurement process can start, with the publication of an OJEU notice. Any detailed design, outline planning and detailed planning for the proposed re-developments can take place alongside the procurement dialogue sessions.

There will be a decision gateway for the Council on completion of the pre-procurement phase before it embarks on the procurement phase. It will also be at this point that a final confirmation of the exact nature of the procurement phase will take place.

### *Procurement Phase*

There are various procurement procedures that can be considered, these are; Restricted, Open and Competitive Dialogue. The procurement of leisure services currently comes under Part B of the procurement regulations, which means that it is not subject to the full rigors of the OJEU process but must still comply with the principles of transparency and fairness. However, revised EU procurement regulations are on the verge of being incorporated into UK law which will alter the definitions of Part A and Part B services. These may be in place before this procurement exercise takes place.

The procurement will be for the Design, Build, Operate and Maintenance (DBOM) of Finchley, Church Farm and Copthall and the operation and maintenance of Burnt Oak and Hendon.

The most common type of approach, for this type of service, is to run a competitive dialogue process within a Part B environment. The guidance associated with the use of this type of procedure is that;

*Competitive dialogue can only be used in exceptional circumstances for 'particularly complex' supplies, services and works contracts where it would not be possible to award a contract using the open or restricted procedures and where the circumstances do not permit use of negotiated procedures.*

*That is, a contract where the council is not objectively able to:*

- *Define the technical means capable of satisfying its needs or objectives,*
- *Specify either the legal or financial make-up of a project, or both.*

*In other words, where the council needs the expertise of the market to design a feasible, fit-for-purpose solution.*

The use of the Restricted Procedure should not be ruled out at this stage, however. The completion of the feasibility study, during the pre-procurement phase, will give the council a better picture of how the council's vision for its leisure provision will be achieved. It might be that at this stage the Authority can approach the market through a tender process that does define accurately how it requires suppliers to achieve its desired outcomes.

*Elements of the Dialogue*

In this case there are several aspects of the council requirements that need input from the market. There has already been significant involvement through a soft market testing process that has enabled the council to broadly define its aspirations, requirements and the outcomes it needs from the new contractual arrangement. However, there is a lot more that needs to be finalised around:

1. Options for financing the capital investment required.
2. Options around the re-development of three of the five leisure sites.
3. How public health interventions can be managed and at what cost.
4. The level of surplus likely to be generated.
5. The ratio of surplus share between the supplier and the council.
6. The ideal contract timescales to move to a surplus generating position.
7. Deciding on a management contract or asset transfer arrangement.
8. Innovative supplier solutions to the council's requirements.

The overriding requirement is for the council to get to a zero subsidy position for the management of its leisure estate but the council also would like the market to propose a way of financing the capital investment required to develop three of the five council sites. The council needs the market to define possible solutions that, through the dialogue process, can be refined and developed.

A competitive dialogue process would broadly follow the key milestones below. It should be noted that the number of dialogue sessions has a significant impact on the timescales. The process below has two dialogue sessions based on the assumption that a feasibility study will go a long way to accurately defining the council's requirements. Any additional dialogue sessions will add around fourteen weeks each to the process.

There are eight weeks within the post procurement phase to cover the democratic approvals process. While this is built in at the end of the process approval it is likely to be needed at the end of each dialogue session and after the preferred bidder is selected.

Activity	Timescales
ITD and PQQ Preparation	8 Weeks
Publish OJEU	5 weeks
PQQ Return	
PQQ Evaluation	4 weeks
Issue ITD ( invitation to dialogue)	6 weeks
1 <sup>st</sup> Dialogue Session <ul style="list-style-type: none"> <li>▪ 2 weeks for written submission evaluation</li> <li>▪ 4 weeks for post submission dialogue</li> <li>▪ 2 weeks for post dialogue evaluation and shortlisting</li> </ul>	8 weeks
2 <sup>nd</sup> Dialogue Session As above but with: <ul style="list-style-type: none"> <li>▪ 4 weeks to revise initial submission</li> <li>▪ 2 week period for reference site visits</li> </ul>	16 weeks
Final Tender (final evaluation)	12 weeks

Activity	Timescales
<ul style="list-style-type: none"> <li>▪ 6 weeks to present final tender</li> <li>▪ 6 weeks written submission evaluation</li> </ul>	
Standstill / Feedback	2 weeks
Preferred Bidder Discussions	12 Weeks
<b>Total</b>	73 weeks (18 months)

### Timelines

	Activity	Estimated Duration	Start Date	Completion Date
<b>Pre Procurement Phase</b>	Feasibility Study	6 months	01/08/14	31/01/14
	Master Plan	This is a separate piece of work that can be done during the feasibility phase but will take 3 months		
	Trust proposal	6 months alongside the feasibility study	01/08/14	31/01/14
	P&R approval of the plans for Cophall, the feasibility study and masterplan, procurement route and budget for phase 2	1 day	17/02/14	17/02/14
	Specification Development	3 months – some of this work will happen during the feasibility study but once the study is complete a final specification / requirements document will need to be prepared	01/01/15	31/03/15
<b>Procurement Phase</b>	Procurement	18 months	01/04/15	30/09/16
	Outline Planning Permission	Concurrently towards the end of the feasibility study and during the initial procurement phase		
<b>Post Procurement Phase</b>	Council Approval Process	2 months	01/10/16	30/11/16
	Mobilisation	5 months – as this fall over the busy Christmas and New Year period a sufficient timeframe has been estimated	01/12/16	31/03/17
<b>Award</b>	Contract Start		01/04/17	

### Cophall Specific Planning Timeline

1. Exploration and development of Trust model for management and operation of the Cophall site. Expected completion by December 2014.
2. Discussions with potential Trust partners Saracens and Middlesex University on the re-development of the Cophall site during the feasibility / masterplan stage. Expected completion by December 2014.

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Planning Process</b>	Pre-application	Pre-application discussions and pre-application consultation		Submit Planning application	13 weeks			If approved: Call-in determination period If not called in, discharge of pre-commencement conditions etc.
					Consultations	Review	Report and decisions	
					Post-submission negotiations, clarifications etc.			

### Procurement Timelines (Restricted Procedure)

Although this project is most likely to require a Competitive Dialogue procedure for the procurement phase there is the possibility that following the feasibility study a Restricted Procedure might be deemed the most appropriate. For this to be the case the Council will need to have developed a comprehensive specification so the market would be left in no doubt over what it requires and suppliers are able to submit credible bids against this requirement.

### Procurement Timelines (Restricted Procedure)

Activity	Timescales
ITT and PQQ Preparation	8 weeks
Publish OJEU	5 weeks
PQQ Return	
PQQ Evaluation	4 weeks
Issue ITT	6 weeks
Final Tender (final evaluation)	8 weeks
Council Approvals	6 weeks
Standstill / Feedback	2 weeks
Contract Award	1 week
Mobilisation Discussions	11 Weeks
<b>Total</b>	<b>51 weeks</b>

### Project Timelines (Restricted Procedure)

	Activity	Estimated Duration	Start Date	Completion Date
<b>Pre Procurement Phase</b>	Feasibility Study	6 months	01/08/14	31/01/14
	Master Plan	This is a separate piece of work that can be done during the feasibility phase but will take 3 months		
	Approval of outputs of feasibility study and masterplan by P&R	1 day	17/02/14	17/02/14
	Specification Development	3 months – some of this work will happen during the feasibility study but once the study is complete a final specification / requirements	01/02/15	30/04/15

	Activity	Estimated Duration	Start Date	Completion Date
		document will need to be prepared		
<b>Procurement Phase</b>	Procurement	18 months	01/05/15	18/12/15
	Outline Planning Permission	Concurrently towards the end of the feasibility study and during the initial procurement phase		
<b>Post Procurement Phase</b>	Council Approval Process	6 weeks	28/12/15	05/02/15
	Mobilisation	11 weeks	01/03/16	31/05/16
<b>Award</b>	Contract Start		01/05/16	

### *Achievement of Zero Subsidy*

The soft market testing has shown that the market believes strongly that the council can achieve a zero subsidy outcome from the start of any new contract. Indeed feedback has been that the authority should be aiming for an income stream as part of a profit share arrangement with any new supplier. This will depend on the term of the contract, the capital required and which party can provide that capital. All our financial modelling has assumed that zero subsidy will be achieved from the start date of any new arrangement.

### *Option 1 Financial Models*

Appendix D of this outline business case sets out three financial models supporting the above narrative for the re-procurement option:

- a) Re-procurement of the existing contract and the cost of borrowing the anticipated capital to re-develop Copthall, Finchley and Burnt Oak modelled over a twenty five year contract term. The new contract will start on the 1<sup>st</sup> April 2017 with the leisure sites transferring in at this point or on expiry of the existing contract in 2017.
- b) Asset transfer to a long-term lease that could be up to 99 years. For this the council will maintain some, limited, involvement into what happens to the sites.
- c) Asset transfer via a land sale where the council will relinquish control over the leisure sites.

The supplier discussions conducted by the council were very positive on the prospect of achieving zero subsidy and even delivering an income position where any surplus could be shared by the supplier and the Council. This income potential has been included in the financial modelling but using market rent return rates. While not ideal as a benchmark it is felt that this is a prudent approach. The potential for any given site to provide an income for the council depends on many factors, these include, the site configuration, local competition, centre design, gym size, the demographic and others. It seems inappropriate to make such a long list of assumptions for the purpose of this business case.

## *Opportunities*

The procurement option provides the council with an element of flexibility as the tender document that is released to the market during the procurement process can test the market's appetite for a number of options. The flexibility to explore different contract terms and capital investment routes has already been mentioned but the procurement process could encourage innovative bids for the re-development of our Finchley, Church Farm and Copthall sites. If the tender process, and documentation, is designed imaginatively then the procurement process could realise greater benefits than those we have discussed here.

## *Options for asset transfer*

There are broadly two ways of transferring the council's leisure assets:

1. Outright freehold disposal of the facilities with the third party taking over the operation of the facilities on a day-to-day basis along with all on-going revenue and capital investment risk.

This arrangement would mean that the council's control of the sites would cease at the point of disposal. Covenants restricting future changes of use could be imposed but covenant control can be difficult to enforce, weakens over time and in the future could be varied by the Lands Tribunal, even if the council opposes such a change. There is no ability through a freehold disposal to control future sales to alternative operators.

This could lead to deterioration in service or loss of leisure provision in the borough.

2. The transfer of the facilities to a third party on a long-term lease, again with the third party taking over the operation of the facilities on a day-to-day basis along with all on-going revenue and capital investment risk. Fusion believes, and the evidence from Swindon suggests, that a lease for 99 years would be the most attractive to the market.

The benefit of a lease arrangement is that the freehold of the site remains in the council's ownership and some control can be exercised through standard lease clauses, for example proposals in the future to assign the benefit of the lease to another operator or to alter the use of the premises.

The council has considered the options around asset transfer before in particular through a 'London Borough of Barnet Leisure Contract Procurement Strategy' created during July 2012. The legal advice received then is still relevant so it is included as Appendix G.

If the council were to opt for a transfer of its leisure centres to a third party via a land sale, then no procurement process would be required. However the council will need to achieve *fair commercial value* for its assets and perhaps consider whether it has exceeded the £2,000,000 undervalue threshold. As described at Appendix G,

running a procurement exercise may, in itself, be sufficient proof that a fair commercial value has been obtained. If the council were to impose their own requirements on the new owners or developers then there is a risk that this becomes a works contract and compliance with the procurement regulations is required.

In summary whether the council were to go for a transfer of the freehold to a third party, or for a long lease arrangement the recommendation is to arrive at the potential provider through a compliant procurement process.

### Key risks

Risk	Impact	Likelihood	Mitigating action
If the council is not clear about its future leisure facility mix and strategic requirements for future leisure facility developments, there is a risk operators will be put off from engaging as the bid costs for this type of exercise are prohibitive.	Medium	Low	Six month feasibility and master planning stage should establish future requirements robustly enough for the procurement process. The procurement process will allow for refinement of detail with bidders.
Planning approval for the re-developed facilities is difficult to secure	High	Medium	The feasibility study stage involving R <sup>e</sup> will test the options for each facility which will include planning considerations.
Despite discussions with the market during soft market testing there are no bids that can deliver zero subsidy from day one of a new contract.	High	Medium	Further market engagement will be undertaken through the pre-procurement phase. The procurement process will significantly inform the suppliers of the council's requirements and the flexibility to explore options involving both asset transfer and a new leisure site management contract provide greater scope to mitigate this risk.
Limited competition due to incumbent suppliers knowledge of the Barnet estate and alternative suppliers believing that GLL will be difficult to beat in a procurement competition	Low	Low	On-going engagement during the pre-procurement phase and a transparent procurement process should give suppliers confidence in the integrity of the process.
Asset Transfer - that the council may not have the desired level of input throughout the term of the lease to ensure that sport and physical activity objectives are achieved.	Medium	Medium	Seek legal advice during the pre-procurement phase to ascertain the level of control that the Council can exercise through the lease.
Asset Transfer - a restrictive lease discourages the market from competing for the assets	Medium	Medium	Council to consult with stakeholders during the pre-procurement phase to define the level of control required.
Asset Transfer - The market is not interested in acquiring the assets.	Medium	Medium	On-going engagement with market to communicate the council's intentions.

Risk	Impact	Likelihood	Mitigating action
Asset Transfer - That an asset transferred to a third party becomes unsustainable for that third party and the responsibility for the asset is returned to the council, i.e. 'the keys are handed back'.	Low	Low	Procurement process will assess the viability of potential bidders for the leases.

## Option 2 - Stop Providing Leisure Services

Under this option the council will cease providing leisure services within the borough and close the five leisure sites. The closure of the sites will however incur costs of their own, either for the mothballing of the sites or their demolition, which could be offset by any capital receipts from the disposal of the land.

Whilst the provision of leisure services is not a statutory responsibility, the cessation of the provision of leisure services would seriously undermine the objective of increasing participation across the borough and work against the council's public health interventions. It could also have a negative impact on the overall health of the borough and therefore have significant longer term system-wide impact.

On the basis of the serious negative impact the withdrawal of leisure services would have on the council's strategic public health objectives, this option is considered not to be viable and has not been costed.

### Key risks

Risk	Impact	Likelihood	Mitigating action
The council has no ability to influence the targets around participation in the SPA Strategy	High	High	Work with private sector leisure centre providers to achieve public health outcomes
Unpopularity with Borough residents	High	High	Consultation to explain council strategy

## Option 3 – Extension of existing contract with GLL for five years

Whilst the current contract expires on 30<sup>th</sup> December 2017, there is provision to extend after this date.

An extension agreement would give the council some flexibility to alter the existing terms and conditions, although these could not be 'substantially' changed so as to look like a completely new contract. There might, subject to legal advice, be an opportunity for the council to strengthen KPIs, or add termination clauses. However these would not be as comprehensive as those provided by a new procurement process. It is recommended that legal and procurement advice be sought before any extension is agreed.

During recent negotiations with GLL, they have provided a proposal for a five year extension to the existing contract. This proposal includes no capital investment at any of the five sites over the extension period.

At the end of this period a new contract will need to be procured through the same process as described in Option 1.

As part of the extension offer GLL have modelled a growth in income at all sites over the remaining contract period and throughout the extension. This has enabled them to re-calculate the management fee based on the existing expenditure and the annual growth in income at each site. This reduces the management fee year on year for the remaining contract period, although not enough to achieve the required MTFs savings.

This option also assumes that GLL will accept the offer of a five year extension. This will inevitably require a period of negotiation. At the end of this neither side is required to accept an extension offer and, if this happens, then a re-procurement (Option 1) will need to be actioned. The plans to re-develop Finchley, Church Farm and Copthall will then happen after the extension and be part of the new procurement.

The council's Contract Procedure Rules say a contract extension can only be approved if the original procurement was OJEU compliant. No evidence within the council's systems has shown that this is the case. In accordance with the CPRs and because the contract value is greater than £100,000, the extension would be subject to the council's waiver process. Again, in accordance with the CPRs a waiver has a life of 12 months. In view of this there is a risk that the council will not be able to extend for a five year term.

### *Option 3 Financial Model*

Attached to this report in the Appendices section is a financial model supporting the above narrative for a contract extension. The model uses the costs submitted by GLL for the remaining contract period with the extension and the costs and timeline for re-procuring the contract from Option 1 to give a comparable figure.

### *Advantages / Disadvantages*

<i>Advantages</i>	<i>Disadvantages</i>
Some savings during 2015, 2016, and 2017.	Savings achievable in 2015, 2016 and 2018 not significant enough to achieve targets.
	Management fee, although reduced, payable throughout extension period.
	The council is not able to 'substantially' change the existing contract terms and conditions so they will be broadly similar.
	Public health initiatives will be additional cost as they are outside the scope of the existing contract.
	A procurement process would need to be complete before the extension period concluded.
	The extension would have to be negotiated and neither party is obliged to accept an extension offer.

### Key risks

Risk	Impact	Likelihood	Mitigating action
The council's Contract Procedure Rules may not allow an extension of five years.	High	Medium	Work with procurement and legal to ascertain how the original contract was advertised and how the CPRs apply to this option.
The terms of the extension are not able to be different enough from the original to achieve the council's vision	High	High	Early consultation with legal and procurement to ascertain how different the terms of the extension can be to the existing contract
Public health interventions cannot be sourced through the contract for the extension period. Will be commissioned separately and incur additional costs.	High	High	Public health outcomes, targets and measures need to be defined and to consolidate requirements and go out to a separate procurement.

## 5.5. Health Impact Assessment Rapid Appraisal

The HIA rapid appraisal tool is used to screen options in order to determine if these are appropriate for a full HIA and what the initial screen shows with regards to which options it is recommended should be either taken forward or not progressed at this stage. The Rapid HIA was undertaken in April 2014.

### Screening of proposals

Screening of proposals involves a consideration of whether a proposal will have an impact on or implications for people's health or factors which determine their health.

All 3 proposals were screened and they met the requirements to conduct a rapid HIA. (Please see appendices for full details on the screening)

### Appraisal/assessment of proposals in the light of determinants of health

All proposals were further assessed for their impact on the local population in the light of determinants of health using the following scoring system:

- a) Likelihood of impact (a subjective estimate of the probability of a health impact occurring as a result of the proposal being implemented)
  - None = 0 (*in which case, no need to continue along that row, except to put 0 in the total score column*)
  - Speculative = 1 (some chance of an impact, no official evidence (although there may be some grey literature); however, the impact is still worth noting)
  - Probable = 2 (likely or plausibly could impact upon the population's health, some evidence to back this up)

- Definitive = 3 (clearly defined research and evidence showing the impact to be true or indisputable)
- b) Length of time people may be affected (approximate time that the health impact will continue to affect the community after the implementation of the proposal)
- Short term = 1 (up to 1 year)
  - Medium term = 2 (between 1-3 years)
  - Long term = 3 (3 years and above)
- c) Approximate number of people affected by the policy/decision
- Few/Medium numbers of people = 1 (less than 1000 people)
  - Many people = 2 (more than 1000 people)
- d) Importance / severity of impact
- Minor importance/ severity = 1
  - Major importance/ severity = 2

The greatest negative impacts of a re-procurement are around the environmental impacts of building and construction work and are therefore short term. The greatest positive impacts of this option are around the expected employment, potential social cohesion, increased chances for leisure and the gains in terms of building quality and expected gains in levels of health and wellbeing.

For options around ceasing provision of leisure and assets transfer through sale, the greatest negative impact was with regards to loss of employment and reduction in income for local communities. There would also be a potential loss of social cohesion with community assets being removed and this was perceived as a negative impact. The location of current facilities and the potential change or loss in provision may affect those groups which SPA is intending to target and result in creating greater inequalities. The opportunities for leisure may be lost and an increase in participation is unlikely to take place. There was little in the way of perceived benefits of these options.

The asset transfer through lease option was regarded to have more positive potential though this was based on the assumption that there would be an element of control over the lease and the provision of physical activity within the facilities. Employment, income and education and skills rated highly as positive benefits, alongside social cohesion and tackling inequalities. Opportunities for physical activity and recreation and promoting participation were rated highly. On the negative side of the assessment the greatest issue identified was the potential of noise should building work take place.

An extension of the current contract for a further five years – with no added public health outcomes or any upgrading of facilities saw the greatest impact being around maintaining and promoting exercise and physical activity and opportunities for recreation, though these will not be any greater than they are at present and so in the long term the benefits will not achieve the SPA objectives around participation. This option saw very little in negative impact other than, significantly, little contribution to the SPA objectives.

Re-procurement and asset transfer through a long lease are both relatively good proposals. Both aim to incorporate public health objectives in the new contracts and hence will have a positive health impact on the local population; however there would be a delay of up to three years. This means that the local population will not have any additional health benefit in the near future.

A transfer of the council's current assets through a long lease (99 years) would allow the council to maintain some control of the leisure facilities and the ability to include elements of the public health objectives as a clause in the lease. Though this option is the quickest to incorporate public health objectives, the risk is the specifications in the lease clauses that may discourage engagement from the providers.

On the other hand, a re-procurement of the contract is considered slightly better as it allows the council to have more robust contract with public health objectives at its core, albeit with a delay until the new contract is in place.

Assessment of the options around cessation of leisure services and asset transfer through a sale identified that these are not sustainable in either short or long terms. Both these options would potentially lead to loss to current leisure facilities and not only this means a failed opportunity to incorporate public health objectives but also goes against the commitment set by Barnet Health and Wellbeing Board to increase levels of physical activity in the area. Similarly, an extension of the current contract would also have minimal health benefit as it fails to incorporate public health objectives.

The conclusions of the rapid appraisal are that though a re-procurement and an asset transfer through a long lease are very close in their nature, the overall benefit of a re-procurement of the contract outweighs all other in terms of achieving sustainable, long-term and cost effective public health outcomes. If option one is approved, It is recommended that a full HIA is conducted once the first phase of the competitive dialogue has concluded and a decision has been made as to whether a re-procurement of a long lease are the best way forward for the council. A detailed HIA will provide valuable information into the effects of any such changes on the local community especially the vulnerable groups.

## 5.6. Benefits modelling

If the council was to continue as it is (paying a management fee of circa £1.2m p.a.), leisure services would cost circa £30 million over the period of a new 25-year contract. The benefits table below shows options which would take this cost down to between £1.3m and £3.6m (at net present value), which is the outcome of the non-achievable MTFs savings target for 2014/15 to 2017/18 on the current contract, with leisure services then becoming cost-neutral from 31 December 2017 for options 1 and 2.

The table shows that an extension to the existing contract (option 3) would achieve a better financial benefit. However, this is a marginal difference which does not take into consideration:

- The wider long-term system cost savings through better population health and the non-financial benefits that will be achieved through a more robust contract through a new procurement.
- Option 3 does not include the cost of commissioning GLL separately to deliver public health outcomes (not included in the current contract).
- Option 3 modelling is based on projections provided by GLL but with no formal commitment at this stage.
- Option 1 modelling is based on some conservative estimates of the income-generation potential of the facilities once re-developed and is therefore a conservative estimate. It is expected that over the length of the new contract, leisure services will be delivered at zero-cost to the council as a minimum.

ID	Option	Key Assumptions	Contract Term	Net Capital (Receipts)	Net Revenue Costs	Net Revenue (Receipts)	Total Net Cost /(Benefit)	NPV - Net Cost / (Benefit)
1	<b>OPTION 1a - Re-procurement</b>	Capital investment costs at Finchley , Church Farm and Copthall recovered over 25 year contract term income for all sites based on a rent proxy as a minimum Capital receipts from Church Farm and Finchley offset by market value of new sites used in the redevelopment	Remaining Contract plus 25 year	£0k	£4,588k	£(4,638)k	£(50)k	£1,583k
2	<b>OPTION 1b – Asset Transfer via long lease</b>	Early severance Lease out assets Rent from - Hendon and Burnt Oak	Remaining Contract plus 25 years	£0k	£4,588k	£(1,229)k	£3,359k	£3,564k

ID	Option	Key Assumptions	Contract Term	Net Capital (Receipts)	Net Revenue Costs	Net Revenue (Receipts)	Total Net Cost /(Benefit)	NPV - Net Cost / (Benefit)
3	<b>OPTION 1c – Asset Transfer via a property sale</b>	Early severance Sell assets assumed by 1/2/16 Asset valuations are not up-to-date Disposal values represent land only	Remaining Contract plus 25 years	£(1,858)k	£4,588k	£0k	£2,730k	£2,518k
4	<b>OPTION 3 - Extension preceding re-procurement and redevelopment</b>	5 year extension then re-procure. Capital investment costs at Finchley, Church Farm and Copthall recovered over 25 year contract term. Income for all sites based on a rent proxy as a minimum Cap receipts from Church Farm and Finchley offset by market value of new sites used in the redevelopment	Remaining Contract plus 5 year extension plus 10 of 15 year contract	£0k	£3,487k	£(3,500)k	£(13)k	£1,270k

\*Summary indicative financials subject to validation

## 5.7. Assumptions

- GLL management fees are in 2013 prices, GLL Management Fees in the extension option are in current prices
  - a. Disposal and rent values are based on valuations ranging from 2010 to 2014
  - b. Other costs are based on current prices
  - c. No inflation adjustments have been made
  - d. As such these financials are INDICATIVE only and subject to further validation and change
- GLL have advised a reduced management fee in the extension due to potential growth in the trading surplus
- Asset disposal values are based on valuations conducted between 2010 and 2014 and as such some are out of date
- Asset disposal values are based on land only as assumed buyers will demolish at own cost and rebuild
- All assets will be disposed on 1/2/2016
- New contract assumed for 25 years from 1/1/2018, except for the extension option where the 25 year contract will commence from the end of the extension from 1/1/2023
- Capital investment for Finchley, Church Farm and Copthall sites to be borrowed by supplier and recovered over the 25 year contract term
- Disposal proceeds from the Church Farm and Finchley sites assumed equal to the value of the new sites to be used and as such these have not been modelled
- Capital cost assumed to have a 25 years useful life to the council.
- Rental values estimated from the property valuation reports which are not up-to-date so will need revising
- New providers will provide leisure facilities at least zero subsidy requirement from the council
- Share of trading surplus due to the council has been assumed to be similar to rent receivable from the sites
- Discount factor of 3.5% used as per HM Treasury Green Book Guidance to calculate NPV
- Net costs assumed to occur throughout the year and discounting to present value reflects this by assuming cash flows occur mid-year
- Implementation costs not included in the modelling as they will be funded from the council's Transformation Reserve for all three options
- Assumption that with the exception of option 3, the council will pay the full management fee or an equivalent severance fee and therefore will incur the full management fee cost until the end of the current contract

## 5.8. Dependencies

Ref	Dependency	Level of dependency	Mitigation (if required)	Owner
ID1	Projects looking at green assets (for Copthall site)	Medium	Regular updates between projects.	Lead Commissioner for Environment
ID2	Capacity for the council to provide capital investment	Medium	The procurement exercise will explore funding options and set an outcome of cost neutral provision	Deputy Chief Operating Officer
ID3	Planning capability to secure approval for an exceptional development at Copthall	High	De-risk through early engagement with partners and stakeholders and through pre-procurement process	Planning
ID4	Planning application for the redevelopment of LBB's Depot to Copthall	Low	Take into account in wider Copthall planning process	Street Scene / Planning
ID4	Property / planning capability to create master plan and feasibility study for all sites in case of a re-procurement.	High	De-risk through commissioning of the master plan and feasibility study as part of pre-procurement phase	Property
ID5	Ability to achieve planning permission for Finchley and Church Farm	Medium	De-risk through commissioning of the master plan and feasibility study as part of pre-procurement phase	Planning
ID6	Achieving agreement between partners on how the Trust for Copthall will be set up and run.	Medium	A lead officer has been identified to oversee this work.	Strategic Director for Regeneration and Growth
ID7	Ability of council and GLL to agree severance arrangements	Medium	The financial modelling has assumed full payment of the management fee. Operational matters will need to be carefully managed through effective contract management within the council.	Project sponsor
ID8	Capability within procurement to run a complicated competitive dialogue process	High	Pre-procurement phase will enable CSG to identify the resourcing requirements and to source the right levels of capability for the procurement.	Procurement
ID9	Ability of the council to accurately define its requirements before the procurement process starts	High	Consultation with internal and external stakeholders to confirm requirements	Project sponsor

Ref	Dependency	Level of dependency	Mitigation (if required)	Owner
ID10	Capability of the council to define public health interventions and outcomes before procurement process starts.	High	Liaising with other councils and suppliers to benchmark scope of contracts to focus on public health outcomes	Lead Commissioner for Public Health
ID11	Ability of the council to define the sports development outcomes prior to the procurement process.	High	The council is in discussions with London Sport to define the best approach to sports development in Barnet	Lead Commissioner for Public Health
ID12	Capabilities within the council to pro-actively manage the contract after award.	High		Contract manager
ID13	Ability to take advantage of utilities VAT savings	High		Assistant Director for Communities and Wellbeing
ID14	Ability to take advantage of savings resulting from changes to opening hours at Burnt Oak and Hendon	High		Assistant Director for Communities and Wellbeing
ID15	Accountability for sports development clearly defined and capacity identified	High	The council is in discussions with London Sport to define the best approach to sports development in Barnet	Assistant Director for Communities and Wellbeing
ID16	Strategic leadership provided by the FAB Partnership Board to lead on public health outcomes	High	First meeting for the Board set on 30 June to discuss its remit	Lead Commissioner for Public Health
ID17	Clear links between the SPA strategy and other relevant policies and strategies e.g. green spaces strategy, transport policy etc.	Medium	Review of SPA delivery plan to ensure that links are captured	Lead Commissioner for Public Health
ID18	Ability to work with partners and stakeholders to maximise opportunities around non-leisure centre facilities (e.g. schools, football pitches, tennis courts)	Medium	Clear approach for sports development will facilitate this	Assistant Director for Communities and Wellbeing
ID19	Role of customer services in supporting referrals, information provision at point of contact and integration with 'one view of the customer'	Medium		Customer Services Manager

Ref	Dependency	Level of dependency	Mitigation (if required)	Owner
ID20	Concurrent developments at New Barnet and Cricklewood	Medium	Engagement during feasibility and masterplan stages	Street Scene / Planning / Lead Commissioner for Growth and Enterprise
ED1	Providers' interest in bidding for the new contract(s)	High		Project sponsor
ED2	Partners' support for the council's vision	Medium	Engagement with partners to enable an understanding of the vision	Project sponsor
ED3	Providers interest in bidding for asset transfer by land sale	Medium	Supplier engagement during due diligence period	Procurement
ED4	Providers interest in bidding for asset transfer via long lease	Medium	Supplier engagement during due diligence period	Procurement
ED5	Ability of the market to put forward a zero subsidy option to the council's tender.	High	Further supplier engagement prior to the start of the procurement process	Procurement
ED6	Ability of Middlesex University to contribute capital funding to the Copthall project	Medium		Strategic Director for Regeneration and Growth
ED7	Ability to secure agreement from the Football Foundation for the sports fields and pavilion that received grant funding for the drainage works to be included in a trust at Copthall	Medium		Planning

## 5.9. Recommended Option

This business case recommends the adoption of Option 1. This option will not make any MTFs savings over the next three years. However, the outcomes, in terms of a more robust contract and the ability to focus on the council's public health initiatives, gives the council a significantly better platform to enter into a partnership with a new provider. The potential for reaching a zero subsidy position at day one of the contract and then moving into a position where the leisure centres generate an income for the council would also be greatly increased by tendering our requirements. The council's discussions with the market have been positive with several suppliers saying that zero subsidy should be the minimum aspiration, with an assumption that the longer the new contract term (suggestion of 20 to 25 years rather than 10 to 15), the more likely it would be that any new commercial relationship would be able to, not only be cost neutral but also, generate an income for the council.

The recommendation of a pre-procurement / feasibility stage prior to the full procurement process enables the council to keep several detail choices open and enables the flexibility for it to discuss the variety of solutions that the market could deliver.

The most common type of procurement approach, for this type of service, is to run a competitive dialogue process which will give the Council the flexibility to discuss and finalise with bidders the variety of solutions that the market can deliver. The alternative is a restricted procedure which is used when the Authorities requirements are well defined.

The completion of the feasibility study, during the pre-procurement phase, will give the Council a better picture of how the vision for its leisure provision will be achieved. It is at this stage that a final decision can be made on the type of procurement process.

There will be a decision gateway for the Council on completion of the pre-procurement phase. It will be at this point that the exact nature of the procurement phase will be confirmed. The decision as to whether this is a competitive dialogue or a restricted process will have an effect on the project timescales and the project cost.

Whilst not delivering any short term savings the longer term, the non-financial benefits are greater through this course of action than with the other options.

#### **5.10. Implementation approach**

If Option 1 is approved, the council will have to start immediately on the initiation of the feasibility study and master plan to define the requirements and proposals for Copthall, Finchley and Church Farm. There is sufficient time to complete this study in enough detail to ensure that the best option is identified for these sites and that the subsequent procurement process provides potential bidders with an accurate description of the council's requirements.

During this pre-procurement period, the council's public health targets and outcomes for the new contract period, from 31 Dec 2017, will need to be defined and articulated as a requirements document. This will need to be complete by January 2015 when development of the specification for the procurement will begin.

The structure of the procurement process will also need to be considered. A competitive dialogue process is resource-intensive and time consuming. Procurement staff will need to be well organised and thorough and able to prioritise this work so a successful outcome can be delivered. Procurement and legal input will be required during the pre-procurement phase to work through the feasibility study but it is likely to require a full time resource from June 2016 until contract award in December 2017.

### *Copthall*

The overall vision for the site has been described in section 4.5. The vision for the leisure centre is part of the wider Copthall site re-development and could be conducted in conjunction with Middlesex University and Saracens Rugby Club as well as other local users of the Copthall site. There is the potential for the council and these partners to work together through a trust mechanism (with residents representation) to manage the re-development and be responsible, collectively, for the resulting site.

As the entire site is in green belt land the challenges of achieving planning permission for all but an exceptional development are considerable. A cooperative approach from all stakeholders is the only way to achieve the go ahead for what is envisioned as a vibrant sports and leisure hub bringing considerable benefits to the borough.

### **5.11. Timescales**

See section 5.4.

## 6. Expected benefits

The table below lists the expected benefits from the project and how they support the objectives of the SPA strategy and will contribute to the SPA delivery plan:

1. 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 to be active.
2. 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.
3. 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.
4. 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.

Benefit Statement	Measurement	Classification	SPA Strategy objective 1	SPA Strategy objective 2	SPA Strategy objective 3	SPA Strategy objective 4
At least a 15% increase in participation by the end of the new contract through the provision of sport pathways for residents and through the FAB campaign.	<ul style="list-style-type: none"> <li>• Sport England Active People Survey results and NI8<sup>24</sup></li> <li>• Residents perception survey</li> <li>• Leisure provider attendance reports</li> <li>• Qualitative feedback from partners (clubs, schools etc.)</li> <li>• Awareness of FAB campaign</li> <li>• Implementation of SPA delivery plan</li> </ul>	Non-cashable	X	X	X	X

<sup>24</sup> Further metrics in regards to the particular target groups identified in the needs assessment are in development.

Benefit Statement	Measurement	Classification	SPA Strategy objective 1	SPA Strategy objective 2	SPA Strategy objective 3	SPA Strategy objective 4
Zero-subsidy provision achieved on leisure services / income received from leisure assets to support the council deliver its priorities	<ul style="list-style-type: none"> <li>Management fee paid by the council to leisure provider(s)</li> <li>Surplus share income received from leisure provider(s)</li> </ul>	Cashable	X		X	X
Increased satisfaction with leisure provision for residents	<ul style="list-style-type: none"> <li>Residents perception survey</li> <li>Residents consultation</li> <li>Implementation of SPA delivery plan</li> <li>Provider satisfaction survey</li> <li>Number of volunteers involved in delivering sport and physical activity</li> </ul>	Non-cashable	X		X	X
Better use of green spaces and a more integrated offer across sport and physical activity and green spaces	<ul style="list-style-type: none"> <li>Residents perception survey</li> <li>Levels of usage of outdoor leisure assets (e.g. tennis, pitches, outdoor gyms)</li> <li>Implementation of SPA delivery plan</li> </ul>	Non-cashable	X	X	X	X

Improving public health outcomes and participation in sport and physical activity will also lead to further non-financial benefits such as meeting social outcomes e.g. link with reduced isolation through increased social networks, increased social cohesion and a contribution to the life chances for young and disadvantaged young people.

## 7. Implementation costs

To deliver the project's objectives of achieving a revenue-neutral leisure service which will deliver revenue savings of over £15 million over the term of the new contract (based on what the council currently pays for the management fee of the five facilities and a 15 year contract term) and circa £36 million worth of re-developed facilities.

### 7.1. Three phase approach to deliver the next stage of the project

This business case completes the SPA review. The next stage of the project will be a procurement process leading to a full business case. This next stage will be conducted in three phases:



### 7.2. Resources requirements

The project will be led by the procurement team with input from the relevant department and project management support. It is expected that resource requirements will be as follows:

Resource	Time
Leisure contract manager	1 day a week
Communications / consultation officer	1 day a week
Public health specialist	1 day a week
Sports development officer	5 days a week
Project management	3 days a week
Commercial lead	5 days a week
Procurement officer	1 to 5 days a week depending on project phase
Planning officer	As required
Legal representative	As required
Estates officer	As required
HR officer	As required
Finance officer	As required
Officers' time for evaluation of tenders	5 FTEs, full time during the evaluation period

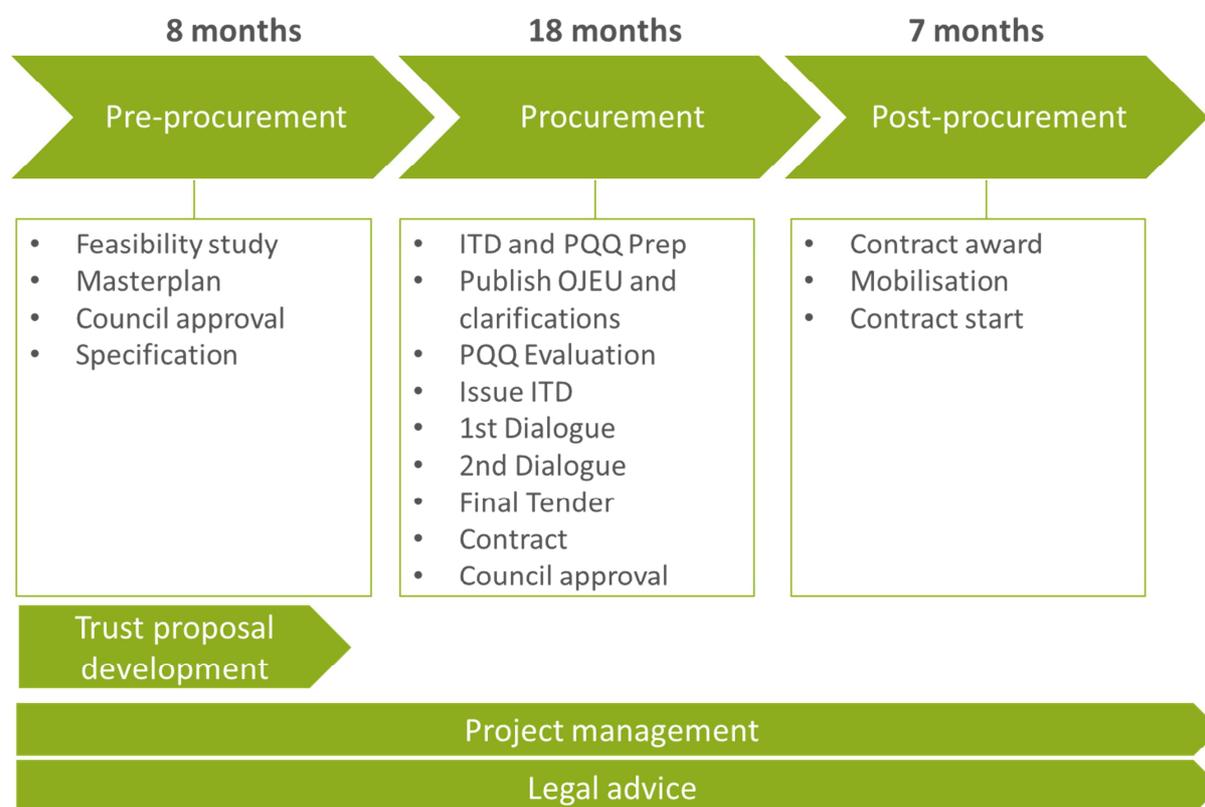
Project and specialist support will need to be commissioned. Estimated costs are outlined below. Pending approval of the business case, these activities will be commissioned and more accurate costs will be provided. In addition, the council will need to pay the remainder of the management to GLL.

### 7.3. Implementation costs

The procurement costs listed below are costs that the council would have incurred in 2017 at the end of the current contract. These costs were benchmarked against other competitive dialogue exercises.

The procurement route will be finalised at the end of the pre-procurement phase which will define what the council does with each asset and whether they decide to enter a competitive dialogue or a restrictive procurement with the market.

Therefore, Policy & Resources Committee is asked to agree the budget for the first phase of the project, outline below. The budget for the next phases will be submitted to P&R in February 2014 for approval, based on the outcomes from the feasibility study.



#### Phase 1 – pre-procurement (8 months)

Key activity	Resource	Cost
Feasibility study	n/a	£142,800
Masterplan	n/a	£30,800
Project management	Part time	£35,360
Commercial lead	Full time	£123,250
Consultation	n/a	£35,000
15% Contingency	n/a	£55,712
		<b>£427,122</b>

#### Phase 2 and 3 – estimation of costs

The costs for phases 2 and 3 will depend on the procurement route taken by the council at the end of the feasibility study. Costings will be bought forward to Members at the gateway review in February 2015.

#### *Cost of decommissioning services*

If the council was to decide to decommission the leisure centres, this would incur demolition and site clearance costs estimated at circa £250k per site, totalling circa £1.25m. This may be offset by any land sale the council may want to proceed with as part of the process, which will be identified during the feasibility study stage. The alternative would be to conduct an asset transfer which, as outlined in section 5.1, would require a procurement exercise.

#### **Next steps**

If the outline business case is approved, the project will:

- Review and agree the composition of the project board for the next phase
- Develop a new PID and project plan
- Commission the feasibility study and masterplan

## 8. Summary of key risks

Risk	Impact	Likelihood	Mitigating action
Residents do not support the vision for leisure	High	Low	The vision for sport and physical activity was defined using the findings from the consultation with residents conducted in Autumn 2013. Further engagement will take place as appropriate to ensure residents' views are further integrated in the procurement specification for the new leisure contract.
The relocation of some of the leisure facilities is not supported by residents and existing lease holders	High	Medium	Any proposed relocation of facilities will take into account the findings from the consultation with residents conducted in Autumn 2013 as well as the findings from the SPA needs assessment and would provide improved provision for service users. Further consultation will take place as appropriate to ensure residents' views are further integrated in the procurement specification for the new leisure contract. Conversations will take place with leaseholders to define the impact of this project on their lease and where required, offer alternative arrangements.
There is low market interest for a potentially piecemeal portfolio if the council procures each leisure facility as a separate lot	High	Low	Conversations with leisure providers have indicated that, maybe with the exception of Church Farm as it currently stands, each facility is viable on its own and would therefore present an interest to the market. Other boroughs are taking this approach, for example Wandsworth is currently re-procuring the management of its 7 leisure centres and is advertising them as 7 individual lots.
A fragmented offer could lead to loss of ownership by the council, a lack of integration in the management of the facilities and a requirement for increased monitoring mechanisms to manage a number of external providers. It could also limit/restrict opportunities for service users at a time where the intention is to increase the number of people participating	Medium	Medium	The council is taking a whole-portfolio approach to planning the future of leisure facilities and as such, the procurement exercise which will result from this business case will include requirements which will ensure that multiple providers do not hinder service users' access or experience of the facilities (e.g. council card useable across all leisure centres).
Planning approval is not achievable, especially for Cophall	Medium	Medium	The council has set out the approach to minimise this risk in an initial strategic planning advice document. The recommendations in this document will be acted upon to maximise the chances of success. The council is also in discussions with partners to ensure an integrated approach to plans for the site.

Risk	Impact	Likelihood	Mitigating action
The governance structure for a not-for-profit entity for Cophall site is not robust enough to ensure achievement of the desired public health outcomes	Medium	Medium	The council is seeking the input from partners to learn from others and it is recommended that a subject matter expert is commissioned to define the structure for the model to ensure governance is robust.
Weak sports development will not secure a successful relationship with clubs and schools and would mean a lack of accountability for leisure services and delivery of the SPA objectives within LBB	Medium	Medium	The sports development officer for the council has been and will remain involved in the project. This business case is also providing a view on how sports development should be managed by the council going forward and what role the function should play.
If the council is not clear about its future leisure facility mix and strategic requirements for future leisure facility developments, there is a risk operators will be put off from engaging as the bid costs for this type of exercise are prohibitive.	Medium	Low	Six month feasibility and master planning stage should establish future requirements robustly enough for the procurement process. The procurement process will allow for refinement of detail with bidders.
Despite discussions with the market during soft market testing there are no bids that can deliver zero subsidy from day one of a new contract.	High	Low	Further market engagement will be undertaken through the pre-procurement phase. The procurement process will significantly inform the suppliers of the council's requirements and the flexibility to explore options involving both asset transfer and a new leisure site management contract provide greater scope to mitigate this risk.
Limited competition due to incumbent supplier's knowledge of the Barnet estate and alternative suppliers believing that GLL will be difficult to beat in a procurement competition.	Low	Low	On-going engagement during the pre-procurement phase and a transparent procurement process should give suppliers confidence in the integrity of the process.
That the council may not have the desired level of input throughout the term of the lease to ensure that sport and physical activity objectives are achieved.	High	Medium	Seek legal advice during the pre-procurement phase to ascertain the level of control that the council can exercise through the lease.
A restrictive lease discourages the market from competing for the assets.	High	High	Council to consult with stakeholders during the pre-procurement phase to define the level of control required.
The market is not interested in acquiring the assets.	High	Medium	On-going engagement with market to communicate the council's intentions.
That an asset transferred to a third party becomes unsustainable for that third party and the responsibility for the asset is returned to the council – e.g. 'the keys are handed back'.	High	Low	Procurement process will assess the viability of potential bidders for the leases.
The council's Contract Procedure Rules say a contract extension can only be	High	Medium	Work with Procurement and Legal to ascertain how the original contract was advertised.

Risk	Impact	Likelihood	Mitigating action
approved if the original procurement was OJEU compliant. No evidence within the council's systems has shown that this is the case. In accordance with the CPRs and because the contract value is greater than £100,000 the extension would be subject to the council's waiver process. Again, in accordance with the CPRs a waiver has a life of 12 months. In view of this there is a risk that the council will not be able to extend for a five year term.			
Planning approval for the re-developed facilities is difficult to secure.	High	Medium	The feasibility study stage involving RE will test the options for each facility which will include planning considerations.

The project will seek legal and procurement advice to implement the commercial strategy to minimise any implementation risks and secure the best outcomes.

## 9. Stakeholder management

A number of stakeholders will need to be informed and engaged in the next phase of the project. Key stakeholders and communications methods are outlined below.

Stakeholder	Purpose of Communication / Consultation	Channel & method	Frequency / due date
Members / Policy and Resources Committee	Update on progress and submit decisions for approval	Member briefings and committee meetings	As required
Public	Engage/consult on proposed plans for leisure sites	Planning process and existing engagement mechanisms (e.g. forums)	As required
Adults & Safeguarding committee	Update on project progress and put forward key decisions	Updates at committee meetings	As required
Health and Wellbeing Board	Update on the progress of the project and seek input as required	HWBB Committee meetings	As required
Asset, Regeneration and Growth Committee	Decisions on future of assets and to ensure that Brent Cross / Cricklewood redevelopment of Hendon leisure centre is aligned to this outline business case	Updates at committee meetings	As required
Leisure providers	Further market testing to feed into the development of specifications and procurement brief for each facility	Online procurement portal and further meetings	As required
Clubs and schools	Engage with the project and explore options to provide access to existing facilities to the community	Sports development officer	As required
GLA and governing bodies	Engage to develop the planning master plan for Copthall	Planning process	As required
Partners (e.g. Middlesex University, CCG)	Update on project progress and explore opportunities for collaboration and joint-commissioning	Partnership strategic commissioning board, meetings	Every two months
Internal stakeholders (e.g. Public Health, Adults and Communities, Children)	Update on project progress and engage to support the development of the specifications and key desired outcomes for each facility	Emails, meetings, through the project board	Monthly
FAB Partnership Board	Update on the progress of the project and explore how the FAB campaign and partnership board can support the project	FAB Partnership Board meetings	Monthly

Any consultation process will use existing mechanisms/resources, for instance, in targeting those with specific needs using the expertise in Adults & Communities and Children's Services and service users and carer forums already in place, alongside the wider consultative approaches.

## **10. Appendices**

---

Appendix A: SPA Strategy 2014 – 18

Appendix B: SPA Draft Delivery Plan

Appendix C: SPA Needs Assessment

Appendix D: Detailed financial analysis – *Withheld – commercially sensitive*

Appendix E: Rapid HIA

Appendix F: Initial Equalities Impact Assessment

Appendix G: Asset transfer legal advice

Appendix H: Re-development options and estimated capital costs

Appendix I: Asset land value

Appendix J: SPA visioning workshop output

### **Document Control**

<b>File path</b>	<a href="http://wisdomedrm/Resources/Projects/Projects/Sport%20and%20Physical%20Activity%20(SPA)/folder.aspx">http://wisdomedrm/Resources/Projects/Projects/Sport%20and%20Physical%20Activity%20(SPA)/folder.aspx</a>
<b>Reference</b>	003412107
<b>Version</b>	1.0
<b>Date created</b>	10/07/2014
<b>Status</b>	Final version

### **Document History**

<b>Date</b>	<b>Version</b>	<b>Reason for change</b>	<b>Changes made by</b>
08/04/2014	0.1	First draft	Elodie Durand
17/04/2014	0.2	Updates to sections 4 and 7	Elodie Durand
16/05/2014	0.3	Updates to all sections	Elodie Durand
22/05/2014	0.4	Updates to all sections	Elodie Durand
06/06/2014	0.5	Updates to sections 4 and 5	Elodie Durand
10/06/2014	0.6	Updated appendices	Elodie Durand
09/07/2014	0.7	Updates to sections 2, 4, 5, 6, 7 and 8	Elodie Durand
10/07/2014	1.0	Final amends and spell check	Elodie Durand

### **Approvals:** This document requires the following approval(s)

<b>Name</b>	<b>Role</b>	<b>Signature</b>	<b>Date</b>
Kate Kennally	Strategic Director for Communities and Project Sponsor		10/07/2014