



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Leisure Transformation Programme – preferred business model RESTRICTED
Date:	21 February 2014
Reporting Officer:	Peter McNaney, Chief Executive

1.0	Relevant background information
1.1	<p>At its meeting in January, the Committee agreed to reconsider the preferred business model at its next meeting, to allow the Trade Union Group additional time to prepare its proposals for a transformed in house option.</p> <p>In order to leave all options on the table, the Committee further agreed at risk to grant authority to officers to take the necessary steps for the creation of a non-profit distributing organisation and to facilitate formal consultation with staff and trade unions to include the development of a series of protections for transferring staff.</p>

2.	Key issues
2.1	<p>An 'in principle' decision</p> <p>The professional analysis and advice is that the only model that will deliver the required £2m savings by 2016 is the non-profit distributing organisation. Previous Committee reports have been appended to this short update report, setting out the options and analysis.</p> <p>Members are now being asked to consider the information contained in the report and appendices, and to indicate the Committee's preferred 'in principle' business model option for the delivery of leisure services in Belfast, as the non-profit distributing organisation, which of course will be subject to consideration under Best Value and Equality legislation.</p>
2.2	<p>Work to date</p> <p>Since January, preliminary work has been undertaken at risk to establish the non-profit distributing organisation (NPDO) structures with legal advisors. Work is also underway to develop the contract specification and business plan. This will include drafting health and well-being outcomes, asset management arrangements and customer service standards for discussion with Members.</p>

	<p>As part of this, specialist legal advice has been taken which sets out a pragmatic procurement route. The Council also needs to be fully cognisant of its responsibilities under the Local Government (Best Value) Act (Northern Ireland) 2002, and ensure that it fulfils its obligations under the Act. A more detailed report setting out these issues and consultation process will be brought to Committee, consequent to its 'in principle' decision, to be integrated with the EQIA consultation.</p> <p>The current timeline is to bring a final decision to Committee in June 2014, including a proposed contractual agreement with the new trust, outline business plan and draft financial agreement. This will also include the necessary due diligence reports to give Members the appropriate assurances in relation to legal, financial and equality issues.</p>
<p>2.3</p>	<p>Consultation and engagement with staff and trade unions</p> <p>Committee and management have consistently, from the start of consultations in September 2013, committed to working with the trade unions to examine the options for leisure, including an in-house model. The TUs have been provided with information to support the development of their proposals; the key issue being the deliverability of the required savings by April 2016.</p> <p>Correspondence with the trade unions, which sets out the engagement with them since September, is appended at Appendix 1.</p> <p>Also attached for Members' information is the Director's response to the Trade Unions' report prepared by APSE, appended at Appendix 2.</p> <p>One key area of concern for the TUs is in relation to TUPE and seeking to ensure existing staff terms and conditions will be protected. The Director has told the TUs that the Council will obviously work within its statutory requirements where TUPE applies and assured them that Committee wants to ensure that staff interests are protected.</p> <p>To inform this, the Director has asked that the Trade Unions set out their views on those areas that are of significant importance, (e.g. protection of existing staff's terms and conditions of employment, pensions, career progression, job security) in order that these can be given full consideration.</p> <p>Subsequently, the Trade Unions have written to the Chief Executive on 17 February 2014, requesting the opportunity to present to the Committee at its meeting on 21 February. The Chief Executive has advised the Chair of the Committee who has determined that it will be a matter for Committee to decide to receive the delegation.</p>
<p>2.4</p>	<p>Next steps</p> <p>Committee is now asked to make an 'in principle' decision to support the non-profit distributing organisation as its preferred business model, in order that a business plan and financial agreement can be presented to Committee in June 2014. It will also allow management to formally consult with the trade unions and staff as part of this process.</p> <p>Members will also engage in a series of discussions on the next phases of the capital programme as well as the overarching ambitions for the new trust.</p>

	<p>Over the next period, the following papers will be presented to Committee for its consideration:</p> <ul style="list-style-type: none"> – LTP Phase II capital programme – affordability limits for next priorities (<i>March 14</i>) – Health and well-being outcomes, facilities management arrangements, customer service standards and staff protections (<i>April 14</i>) – Governance arrangements for the new NPDO (<i>April 14</i>) – Proposed contractual agreement with the new trust, outline business plan and draft financial agreement (<i>June 14</i>). – Results of Best Value and Equality consultation processes.
<p>2.5</p>	<p>Conclusion</p> <p>It is recognised that this is an ambitious timeframe. However, Members are reminded that by making this decision they will:</p> <ul style="list-style-type: none"> – Position the Council’s leisure and well-being provision to be a ‘best-in-class’ service; – Maximise the benefits of an unprecedented £105m capital investment in the city; – Significantly improve the value for money of the service, in order to safeguard its longer term sustainability; – Retain the Council as ‘democratic guardians’ to oversee the delivery of a wide range of social outcomes not limited to health and participation; and – Most importantly, enable and attract more people to be more active, more often.

<p>3.0</p>	<p>Decisions required</p>
	<p>Committee is asked to:</p> <ol style="list-style-type: none"> 1. Consider the information contained in the report and appendices, and to indicate its preferred ‘in principle’ business model option as the non-profit distributing organisation. 2. Grant authority for formal consultation with staff and the trade unions on the preferred business model and in particular the staffing, financial and human resource implications of this (TUPE (protection of existing staff’s terms and conditions of employment), voluntary redundancy, mitigation against compulsory redundancy, pensions, etc.) and the affordability of these options. 3. Grant authority for Best Value and Equality consultations to be undertaken to inform the final decision of the Committee.

<p>4.0</p>	<p>Resource Implications</p>
	<p>This is a major physical and service transformation process and the implications for resources (staff, assets and financial) will be fully scoped and assessed as part of the business planning process, with continuous engagement with staff and trade union reps.</p>

5.0 Equality Implications

In line with the Council's equality obligations, specialist equality advice has been prepared and recommends the following approach to prepare a high level EQIA:

- Develop Leisure Transformation Programme's formal vision on the promotion of equality and good relations (including tackling health inequalities);
- Undertake preliminary consultation on the equality issues with selected consultees over the period April-May; to include elected Members, staff and TUs, the Equality Consultative Forum and the Youth Forum;
- Issue an EQIA report for formal consultation for 12 weeks mid-2014;
- Advise the Equality Commission on approach.

6.0 Abbreviations

LTP – Leisure Transformation Programme

NPDO – non-profit distributing organisation

TUPE – Transfer of Undertakings (Protection of Employment) Regulations 2006

TUs – Trade Unions

7.0 Appendices

1. Correspondence from the Director of Parks and Leisure to Trade Union LTP sub-group 14 February 2014
2. Correspondence from the Director of Parks and Leisure to Trade Union Co-ordinators re: APSE report 29 January 2014
3. TUs APSE report – BCC response 28 January 2014
4. SP&R Committee report: Leisure Transformation Programme 24 January 2014
5. LTP Presentation – summary of progress to date
6. SP&R Committee report: Leisure Transformation Programme 13 December 2013
7. Chronology of Committee decisions related to Leisure Transformation Programme
8. Briefing paper for the Leisure Transformation Programme Members' workshop – examining the future business model options 5/6 December
9. Leisure Management Options – Deloitte PowerPoint presentation
10. Potential characteristics of any future Belfast Non Profit Distributing Organisation