



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	<b>Leisure Transformation Programme – business model appraisal</b> <b>RESTRICTED</b>
<b>Date:</b>	24 January 2014
<b>Reporting Officers:</b>	Peter McNaney, Chief Executive Andrew Hassard, Director of Parks and Leisure Ronan Cregan, Director of Finance and Resources
<b>Contact officer:</b>	Caroline Wilson, Neighbourhood and Development Manager

<b>1.0</b>	<b>Relevant background information</b>
<b>1.1</b>	<p>At its meeting in December, SP&amp;R Committee was to consider a report which provided a detailed analysis of the three business model options for the future delivery of leisure services in the City. At the meeting, the Committee was advised that a request had been received from the Trades Unions to address the Committee in relation to the proposals.</p> <p>Prior to the Council's TUs being admitted to the Committee meeting, Members agreed to defer consideration of the report until its second meeting in January, 2014 to allow consideration of the comments made by the Council's TUs.</p> <p>The Committee noted the views expressed by the TUs and agreed that the Deloitte report and any other relevant information should be made available to the Council's TUs.</p>

<b>2.</b>	<b>Key issues</b>
<b>2.1</b>	<p><b>Summary of progress to date and decision to be made</b></p> <p>Appended to this report, is a summary of the Committee's decisions over the past 12 months in relation to the Leisure Transformation Programme. It notes:</p> <ul style="list-style-type: none"> <li>– Agreement of strategic principles;</li> <li>– Physical programme phasing;</li> <li>– Capital funding strategy; and</li> <li>– High level business model options appraisal.</li> </ul> <p>The summary highlights the interdependency of the decision on the business model and the capital phases.</p>

<p><b>2.2</b></p>	<p><b>Consultation and engagement with staff and trade unions</b></p> <p>Consultation and engagement on the potential future Leisure model started between Council management and each of the Council’s Trade Unions in September 2013 and has included :</p> <ul style="list-style-type: none"> <li>– Meetings with full time officials of all unions and the Chief Executive, Director of Parks and Leisure, Director of Finance and Resources and the Head of HR.</li> <li>– Sub-group meetings between Leisure trade unions, the TU Co-ordinators and management</li> <li>– A visit by each of the trade unions full-time officials, a BCC TU Coordinator and Leisure shop stewards to Greenwich Leisure Limited (GLL) which included a meeting with GLL Chief Executive, GLL Director of HR and other relevant members of its team.</li> <li>– Meeting between BCC TU’s and the Leisure expert engaged by Deloitte</li> <li>– A number of training days and road-shows undertaken by the Director of Parks and Leisure.</li> </ul> <p>Management has provided information to the trade unions including details on current staffing costs (including overtime and shift allowance payments); the Deloitte report; further explanation and detail on some of the analysis contained in the Deloitte report.</p> <p>Management has also provided its view of those HR issues that would need to significantly change (for example, more flexibility in jobs, significant reduction in overtime; flexibility in working hours; robust management of leave arrangements and attendance; attainment of commercial skills; introduction of individual performance management and targets etc).</p> <p>The trade unions have been asked to provide their views on how an in-house model might operate effectively to achieve the £2m savings by April 2016. They have also been asked to articulate those issues that are of significance importance to trade unions and staff should a non-profit distributing organisation (NPDO) model be pursued. This could include, for example, pensions, use of apprentices, misuse of zero-hour contracts; protection of BCC Leisure staff’s terms and of conditions of employment.</p>
<p><b>2.3</b></p>	<p><b>An ‘in principle’ decision</b></p> <p>The professional analysis and advice is that the only model that will deliver the required £2m savings by 2016 is the <b>non-profit distributing organisation</b>.</p> <p>Any other decision will jeopardise the capital financing strategy, thereby compromising the new build programme, and importantly, the overall social (health, well-being, employability, regeneration, etc.) and financial (value for money) outcomes of the Leisure Transformation Programme.</p>
<p><b>2.4</b></p>	<p><b>Next steps</b></p> <p>Committee is now asked to consider each of the business cases and make an ‘in principle’</p>

	<p>decision to support the non-profit distributing organisation as its preferred business model.</p> <p>This will grant officers authority to develop a detailed business plan, drawing on expert advice, which will be subject to due diligence testing over the period March-May 2014. It will also enable the development of a shell company and contract specification.</p> <p>Management will also formally consult with the trade unions and staff as part of this process. This will include the development of a series of 'protections' for transferring employees in relation to pensions, terms and conditions, training, etc.</p> <p>Members will also engage in a series of discussions on the next phases of the capital programme.</p>
<p><b>2.5</b></p>	<p><b>Conclusion</b></p> <p>This is an ambitious timeframe within which to business plan for a radically changed business model. However, it is recognised that this is a decision which catalyses radical transformation, and shapes and sustains leisure and well-being services in the city for now and for generations to come. By making this decision Members will:</p> <ul style="list-style-type: none"> <li>- Position the Council's leisure and well-being provision to be a 'best-in-class' service;</li> <li>- Maximise the benefits of an unprecedented £105m capital investment in the city;</li> <li>- Significantly improve the value for money of the service, in order to safeguard its longer term sustainability;</li> <li>- Retain the Council as 'democratic guardians' to oversee the delivery of a wide range of social outcomes not limited to health and participation; and</li> <li>- Most importantly, enable and attract more people to be more active, more often</li> </ul>

<p><b>3.0</b></p>	<p><b>Decisions required</b></p>
	<p>Committee is asked to:</p> <ol style="list-style-type: none"> <li>1. Consider the information contained in the report and appendices, and to indicate their preferred 'in principle' business model option as the <b>non-profit distributing organisation</b>.</li> <li>2. On this basis, grant authority to officers to undertake the necessary steps to undertake work to prepare a business plan, governance arrangements and due diligence reports for consideration at Committee in June 2014.</li> <li>3. Grant authority to facilitate formal consultation with staff and the trade unions, including the development of a series of protections for transferring employees.</li> </ol>

<p><b>4.0</b></p>	<p><b>Resource Implications</b></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>

<b>5.0</b>	<b>Equality Implications</b>
------------	------------------------------

Provision has been made within resources to screen the Leisure Transformation Programme at relevant intervals in line with the Council's equality obligations. A high-level Equality Impact Assessment is currently being prepared and will be presented to Committee in due course for its approval.

<b>6.0</b>	<b>Appendices</b>
------------	-------------------

1. LTP Presentation – summary of progress to date<sup>24</sup>
2. SP&R Committee report: Leisure Transformation Programme 13 December 2013
3. Chronology of Committee decisions related to Leisure Transformation Programme
4. Briefing paper for the Leisure Transformation Programme Members' workshop – examining the future business model options 5/6 December
5. Leisure Management Options – Deloitte PowerPoint presentation
6. Potential characteristics of any future Belfast Non Profit Distributing Organisation