



**Belfast City Council**

**RESTRICTED**

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	<b>Leisure Transformation Programme – Progress update</b> <b>Overview paper</b>
<b>Date:</b>	25 April 2014
<b>Reporting Officers:</b>	Peter McNaney, Chief Executive Andrew Hassard, Director of Parks and Leisure Ronan Cregan, Director of Finance and Resources Jill Minne, Assistant Chief Executive and Head of Human Resources
<b>Contact Officers:</b>	Caroline Wilson, Neighbourhood and Development Manager Colin Campbell, Principal Solicitor

<b>1.0</b>	<b>Relevant background information</b>
<b>1.1</b>	<p>At its meeting in February, the Committee agreed that its preferred business model was the Non Profit Distributing Organisation (also referred to as the leisure Trust). Authority was also granted to continue consultation with staff and the trade unions on the preferred business model and in particular a series of protections for transferring staff and the affordability of these options. It was also agreed by Committee that an Equality and Best Value consultation would be prepared for consideration.</p> <p>This 'in principle' decision was ratified by Council at its meeting in March. At the same meeting, Council also decided to give the trade unions another six weeks to develop an in-house option, while preparatory work continues for the leisure Trust model.</p>

<b>2.</b>	<b>Key issues</b>
<b>2.1</b>	<p><b>Purpose and structure of papers</b></p> <p>There are a range of issues that need to be presented for Committee's consideration, in advance of formally initiating discussions on the business planning and the partnership agreements with the leisure Trust. The attached papers set out a series of issues for Committee's consideration. The issue papers are:</p> <ul style="list-style-type: none"><li>• Paper 1: Leisure Trust update</li><li>• Paper 2: Trade Union engagement update including APSE in-house model report</li><li>• Paper 3: Outcomes and performance management</li></ul>

	<ul style="list-style-type: none"> <li>• Paper 4: Legal, financial equality assurances</li> </ul> <p>These series of papers will inform the development of the partnership agreement, and all of the associated agreements in relation to funding, staff transfer, leasing and management. These will subsequently be reviewed independently for due diligence purposes, prior to presentation to Committee in August/September.</p>
<p><b>2.2</b></p>	<p><b>LTP: Strategic Principles</b></p> <p>In January 2013, Committee agreed a series of guiding principles for the LTP. In discussion with Members, these have been refined over the last 12 months:</p> <ul style="list-style-type: none"> <li>• <b>5* service for 3* prices</b> – an affordable and innovative ‘best in class’ customer and community-focussed service</li> <li>• <b>Focus on health and well-being outcomes:</b> work with others to improve the health of the population by enabling more people to be more active, more often</li> <li>• <b>More than sport:</b> contribute to wider social, environmental and economic regeneration outcomes, linked to the Council’s emerging community plan</li> <li>• <b>Value for money:</b> maximise efficiency and income generation opportunities, reducing dependency on Council rate-based funding</li> <li>• <b>Democratically accountable:</b> working in partnership with the Council to deliver public benefit and accountable to elected Members to deliver real change in local neighbourhoods</li> <li>• <b>Well-connected:</b> well-run, well used leisure facilities which are fit for purpose, attractive and welcoming, with proactive community outreach and marketing</li> <li>• <b>People:</b> staff who are well-trained, customer-focussed and participate in the growth of the business</li> <li>• <b>Balanced investment:</b> a hierarchy of facilities and services which are welcoming and safe, promoting access for all within each quarter of the city</li> <li>• <b>Partnership:</b> flexible to maximise strategic opportunities in the city, working collaboratively.</li> </ul> <p>It is recommended that these refined principles are used as parameters to inform the development of the partnership agreement and business plan with the Trust.</p>
<p><b>2.3</b></p>	<p><b>Capital programme</b></p> <p><b>Phase I</b></p> <p>Members will be aware that the SP&amp;R Committee, at its meeting in June 2013, agreed a £105million capital expenditure affordability limit for the LTP. Members also agreed that as part of the programme that:</p> <ul style="list-style-type: none"> <li>• there will be balanced investment across the city and that each city quarter will have wet, dry, health and fitness facilities that cater for a diversity of activity</li> <li>• there will be no rates increase to support the financing of the programme and</li> </ul>

revenue savings will form a key element of the financing budget

- the programme will be phased over a 10 year period.

Members are aware that the plans for the new assets under phase 1 of the Leisure Transformation Programme are at an advanced stage with work already commencing on site at Girdwood, designs being finalised for Olympia and the design brief in development for Andersonstown. A separate report on the status of these projects is also on the agenda for consideration by Committee today.

#### **Next phases of capital development**

The anticipated savings from the transformed business model will be integrated into any funding agreement with the Trust. This will therefore contractually guarantee delivery of the savings by April 2016. Based on previous work undertaken by Deloitte in its options appraisal report, **a reduction of £2m in the Council funding for 2016/17 will be included in the funding agreement with the Trust, thereby releasing approx £23.50m as required by the capital financing strategy.**

Work will soon need to start to develop Phase II of the programme. As with all capital projects and in line with the projects progressing under Phase I, these will be subject to the council's agreed capital stage approval process where decisions on which projects progress are taken by SP&R.

Members are asked to note that consultation will be a key part of the development of these new facilities and that there will be further work with Members via the AWGs and party group briefings and with the public and other stakeholders. In discussion with Members, it has been noted that consideration is given to the potential to invest in a city centre facility, to increase the visibility of the Trust, as well as providing an invaluable revenue-generator to subsidise work in local neighbourhoods.

It is envisaged that further detail on these discussions, including seeking authority to move these projects to the next Stage (Stage 2) will be brought to Committee in the late summer/early Autumn.

It is anticipated that decisions on Phase III will be taken subsequent to that.

Members are asked to note that the Trust has the potential to avail of alternative sources of funding for capital projects including Sport NI funding which the Council cannot access.

#### **Proposed upgrade/refurbishment programme**

While phases II and III are being developed, it is suggested that consideration may be given to an uplift/refurbishment programme at existing centres, including those transferring (e.g. Robinson Centre) in order to ensure their continued usage, positive customer experience and that the buildings remain at the required standards for health and safety. This may include essential M&E work, the installation of access controls, the refurbishment of reception areas, etc. and any such programme will be developed in consultation with the Trust and Members and will be subject to Committee's agreement. Conditions surveys have just been initiated and a future report will be brought back to

	Committee with the appropriate business case for consideration.																		
<b>2.4</b>	<p><b>Human resources implications</b></p> <p>Members will note that there are considerable number of significant human resources issues in relation to the transfer of staff, many of which are dealt with in the attached paper on TU engagement.</p> <p>Committee will recall that it approved a TU request to introduce a voluntary redundancy process in October 2013. This process is ongoing and 134 expressions of interest have been received. All staff who have expressed an interest in voluntary redundancy have now received details of their financial information and may now formally apply for voluntary redundancy (before 30 April 2014). It is anticipated that officers will be in a position to put a proposal to Committee regarding voluntary redundancies in August, based on an affordability and analysis of relevant criteria.</p>																		
<b>2.5</b>	<p><b>Next steps</b></p> <p>There is considerable work to be undertaken over the next 8 months to mobilise the decision to transfer the leisure service to a trust operation. As an overview, this includes:</p> <table border="1"> <tr> <td>May 14</td> <td>Formal establishment of Trust and preliminary governance arrangements</td> </tr> <tr> <td>June 14</td> <td>Conditions surveys</td> </tr> <tr> <td>July 14</td> <td>Business planning and drafting agreements – management; funding; outcomes specification; leasing; transfer; etc. Staff/TU, equality and Best Value consultations</td> </tr> <tr> <td>August 14</td> <td>Due diligence testing – financial and legal assurance process</td> </tr> <tr> <td>Sept 14</td> <td>Committee/Council decision to transfer service</td> </tr> <tr> <td>Oct 14</td> <td>Pre-transfer planning initiated:</td> </tr> <tr> <td>Nov 14</td> <td>– Staff training and development</td> </tr> <tr> <td>Dec 14</td> <td>– Marketing planning and community outreach – Infrastructure upgrade e.g. reception ‘look and feel’; online and IT systems; gym equipment; performance reporting systems – Implementation of customer ‘quick wins’ e.g. children’s free swimming sessions and local employability initiatives</td> </tr> <tr> <td>1 Jan 15</td> <td>Transfer of service and implementation of agreed business plan Commence performance monitoring</td> </tr> </table> <p>This will be supported by the resources already agreed by SP&amp;R in August 2013.</p> <p>Throughout this period, there will be intensive consultation and engagement with staff and trade union representatives.</p>	May 14	Formal establishment of Trust and preliminary governance arrangements	June 14	Conditions surveys	July 14	Business planning and drafting agreements – management; funding; outcomes specification; leasing; transfer; etc. Staff/TU, equality and Best Value consultations	August 14	Due diligence testing – financial and legal assurance process	Sept 14	Committee/Council decision to transfer service	Oct 14	Pre-transfer planning initiated:	Nov 14	– Staff training and development	Dec 14	– Marketing planning and community outreach – Infrastructure upgrade e.g. reception ‘look and feel’; online and IT systems; gym equipment; performance reporting systems – Implementation of customer ‘quick wins’ e.g. children’s free swimming sessions and local employability initiatives	1 Jan 15	Transfer of service and implementation of agreed business plan Commence performance monitoring
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<b>2.6</b>	<p><b>Best Value considerations</b></p> <p>Under the Local Government (Best Value) Act (Northern Ireland) 2002, the Council is under an obligation to make arrangements for continuous improvements in the way in</p>																		

	<p>which its functions are exercised. Therefore, there is an obligation to consult in relation to Leisure Transformation, and these consulting obligations will be met through the equality consultation process as well as specific engagement with end users using media such as the Council's website and social media. Officers will continue to take legal advice on this matter to give the appropriate assurance to Committee.</p>
<b>2.7</b>	<p><b>Communications</b></p> <p>A communications and engagement plan is already in place for both internal and external communications in relation to the decision to establish a trust. A key messages document has been appended to this report which sets out the themes for communication with the wider public, as well as employees. Multiple channels will be used including City Matters, staff engagement exercises and team briefings and the website.</p>

<b>3.0</b>	<p><b>Decisions required</b></p> <p>Having considered this <b>Overview paper</b>, Committee is asked:</p> <ol style="list-style-type: none"> <li>1. To review and agree the LTP strategic principles and, on this basis, authorise officers to draft the business plan and various agreements with the Trust for consideration by Committee in September 2014</li> <li>2. To confirm the affordability limit for the next phase of capital development and agree the process for agreeing Phases II and III of the LTP capital programme</li> <li>3. To authorise officers to develop an interim upgrade/refurbishment programme within existing resources, for consideration by Committee</li> <li>4. To authorise officers to proceed with the work plan, as outlined at 2.5 above</li> </ol> <p>Having considered <b>Issues paper 1: Leisure Trust governance update paper</b>, Committee is asked:</p> <ol style="list-style-type: none"> <li>5. To agree the draft objects for the new leisure trust and authorise its establishment</li> <li>6. To grant authority to take preparatory steps to transfer service, as per legal advice set out, including the issue of the contract award notice and to enter into a contractual relationship with the Trust to ensure the effective delivery of the service</li> </ol> <p>Having considered <b>Issues paper 2: Trade Unions engagement update paper</b>, Committee is asked:</p> <ol style="list-style-type: none"> <li>7. To review the recommendations of the TUs in-house model report and confirm the 'in principle' decision already made in relation to the Council's preferred business model option as the non-profit distributing organisation/leisure trust</li> <li>8. To agree that the initial staff protections outlined be integrated into any partnership agreement with the Leisure Trust and authorise officers to continue engagement and negotiation on these issues</li> </ol> <p>Having considered <b>Issues paper 3: Outcomes and performance management</b>, Committee is asked:</p>
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9. To give feedback and agree the indicative outcomes framework for the purposes of preparing a partnership agreement and business plan with the Trust.
10. To agree those services for inclusion in the transfer i.e. the operations of 10 leisure centres and facilities within their immediate curtilage e.g. adjacent 3G pitches as well as the leisure facilities at Girdwood Park

Having considered **Issues paper 4: Financial, legal and equality assurances**, Committee is asked:

11. To approve the equality framework for integration into the business planning and agreements development process,
12. To agree outlined consultation approach to include consideration of the Council's Best Value obligations

#### **4.0 Resource Implications**

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.

#### **5.0 Equality Implications**

In line with Council policy the programme has been screened and an EQIA recommended including a consultation approach. See Paper 4 + appendix for detail.

#### **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 Issues papers and appendices**

- Appendix 1: A Belfast Leisure Trust – some key messages

##### **Issues Paper 1: Leisure Trust update**

- Appendix 2: Diagram on influence and control over leisure Trust

##### **Issues Paper 2: Trade Unions engagement update**

- Appendix 3: APSE Solutions: Belfast Leisure In-House Transformation Option April 2014

##### **Issues Paper 3: Outcomes and performance management**

- Appendix 4: Draft outcomes framework based on the Council's existing Value Creation Map/corporate priorities
- Appendix 5: Illustrative performance monitoring dashboard

##### **Issues Paper 4: Legal, financial equality assurances**

- Appendix 6: Leisure Transformation Programme: Promoting Equality of Opportunity &

Good Relations (Policy Arc Limited)