

<b>Cabinet</b>  16 May 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Simon Baxter, Corporate Director Communities	<b>Classification:</b> Unrestricted
<b>Be Well Leisure Insourcing Programme</b>	

<b>Lead Member</b>	<b>Councillor Iqbal Hossain, Cabinet Member for Culture and Recreation</b>
<b>Originating Officer(s)</b>	Keith Townsend Programme Director - Leisure
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	No
<b>Reason for Key Decision</b>	This report has been reviewed as not meeting the Key Decision criteria.
<b>Forward Plan Notice Published</b>	N/A
<b>Exempt information</b>	No
<b>Strategic Plan Priority / Outcome</b>	4. Boosting culture, business, jobs, and leisure 5. Investing in public services

### **Special circumstances justifying urgent consideration / Reasons for Urgency**

This report was not published by the statutory deadline as due to the unavoidable rearranging of the Cabinet meeting, administrative processes had to be shortened and it did not prove possible to complete for this report in time for the initial agenda publication. It is important that this report is considered at this meeting as it will inform the Mayor and Cabinet's decisions to ensure key administration priorities are met.

### **Executive Summary**

This report provides an updated position in respect of the insourcing of the *Be Well* Leisure Service that returned in-house on 1<sup>st</sup> May 2024. The report sets out what has been achieved to date to ensure the effective mobilisation of the new council service, details of the project management structure, risk management arrangements and high level risk profile, the key activities for the coming year coordinated by the Leisure Programme Board to further develop the service over the next 12 months now it is in-house. The report also identifies the capital funding requirements as part of the Medium Term Financial Strategy and sets out the 10-year financial revenue model projected for the service.

## Recommendations

The Mayor in Cabinet is recommended to:

1. Note the progress made to create and launch the *Be Well* Leisure Service.
2. Endorse the approach to develop the *Be Well* Leisure Service in 2024/25.
3. Authorise the Programme Director for Leisure to produce a revised programme budget for 2024/25 within the financial limit of the approved budget.
4. Note the *Be Well* Leisure Service 10-year revenue financial model including projections for an operating revenue surplus from year four.
5. Note the progress on the asset condition surveys, the building dilapidations work, repairs undertaken by GLL and the leisure assets capital investment requirements for the next 10-years and support officers to develop proposals as part of the MTFS.
6. Note the £3.65 million *Be Well* leisure assets capital programme for 2024/25 and authorise the Programme Director for Leisure to implement and amend the programme as required.
7. Note and comment on the key risks and mitigating actions to manage those risks.
8. Support the *Be Well* Leisure Service to maximise benefits from synergies with other council teams including Public Health and Workpath to reflect the council's strategic priorities.

## **1 REASONS FOR THE DECISIONS**

- 1.1 It is important that Cabinet are kept properly informed of the progress of this important insourcing initiative and that the Executive is provided with the information needed to properly review the improvement programme for this service as it is developed. This report aims to provide Cabinet with a comprehensive update of the development and launch of the *Be Well* Leisure Service and asks Cabinet Members to note the achievements to date and endorse / comment on the approach for 2024/25 and beyond. It provides an update on key programme risks and associated mitigating actions reported as part of an effective programme of corporate governance.

## **2 ALTERNATIVE OPTIONS**

- 2.1 The information provided to Cabinet in this report might not be reported. This would not be transparent and would not support sound governance.
- Only some of the information provided in this report could be brought forward to Cabinet. This would not be transparent and would not support sound governance.
  - The information contained within this report could be presented elsewhere within the organisation instead of Cabinet. However, it is considered important that Cabinet are sighted on the progress of this important project and on the way in which the project risks are being managed.

## **3 DETAILS OF THE REPORT**

### **3.1 Background**

- 3.2 The council has six operational sports and leisure centres, and one (St George's Leisure Centre) which is currently closed and part of a major leisure and social housing redevelopment project. They comprise:

- John Orwell Sports Centre, Wapping
- Mile End Leisure Centre and Stadium
- Poplar Baths, Leisure Centre & Gym, Poplar
- Tiller Leisure Centre, Isle of Dogs
- York Hall Leisure Centre Spa, Bethnal Green
- Whitechapel Sports Centre, Whitechapel
- St. George's Leisure Centre, Wapping – closed for redevelopment.

- 3.3 From 2004, the Council's leisure facilities offer was delivered by GLL as part of a 15-year contract. The contract was subsequently extended twice. The first extension was from 2019-22 and the second for the period 2022-24 until 30<sup>th</sup> April 2024. The council managed the leisure contract with a client team of three officers to review operational performance. The focus was on representation of service users and GLL's community engagement work. Quality audits were carried out every quarter incorporating cleanliness, equipment reliability and covering all parts of the leisure centres, to determine an overall percentage score with a minimum threshold of 80%. Additional checks took place on statutory compliance of the buildings.

- 3.4 GLL were responsible for producing and delivering an annual planned maintenance programme which was submitted to the council. However, it is unclear the extent to which the programme was challenged and there was no technical assessment of the programme. Condition surveys were carried out initially in 2021 and the council approved a capital programme of £1 million p.a. However, it is not clear how this funding was used.
- 3.5 In August 2022, a report was presented to Cabinet with an options appraisal to facilitate the decision on whether to recommission the service or bring it back in house. When considering the options contained in the report, The Mayor and Cabinet considered the balance of best value considerations and were clear that cost should be better balanced against effectiveness and efficiency and asked Officers to progress work on an insourcing option as well as reletting the contract.
- 3.6 This work highlighted significant performance issues with GLL reported by residents in a consultation exercise undertaken November 2021 and January 2022. These were:
- More than half of respondents disagreed that the current facilities met their needs.
  - 20% of online responses feature requests for urgent action to be taken to improve the swimming offer.
  - Experiences of GLL (Greenwich Leisure Limited) service delivery were mixed with the breadth of service offer badly advertised.
  - Various significant barriers to access to the existing Leisure service were identified (e.g. cleanliness issues across centres, GLL’s website and booking system deemed challenging to navigate, lack of women only spaces and activities, inconvenient scheduling).
  - Better collaboration with local health services and improved join-up with existing green spaces was seen as needed as part of future planning.
  - Residents were being prevented from accessing services by commercial block bookings. This was reflected in perception ratings for the service (see below)

Figure 2: Residents Satisfaction Survey 2023 and 2019

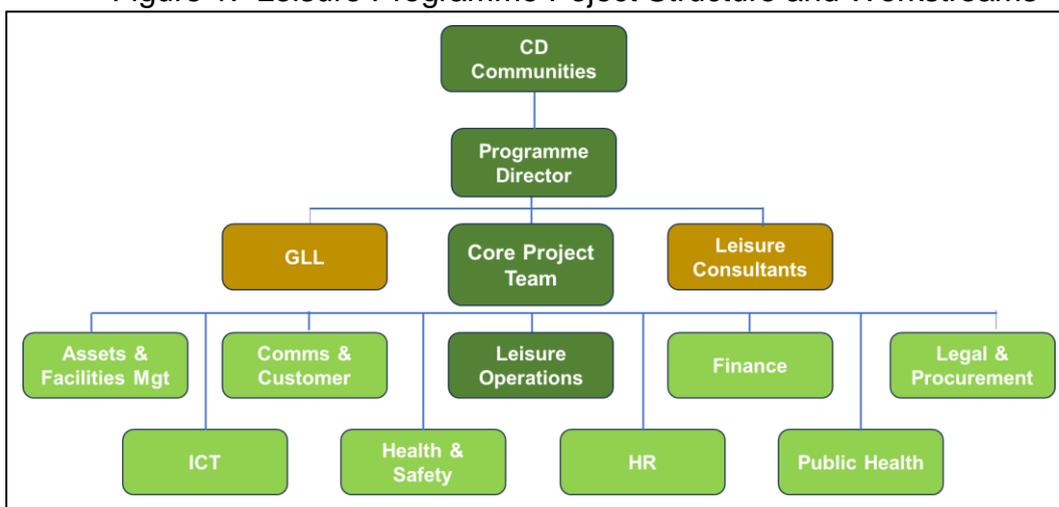
Tower Hamlets Residents Survey	2023	2019	Change
Satisfaction with Leisure and Sport Facilities (Residents)	46%	53%	-7%
Satisfaction with Leisure and Sport Facilities (users)	67%	61%	+6%

- 3.7 The exploratory work found that the council could seek to maximise the local economic and social opportunities through insourcing. This would help to support a number of strategic priorities, would boost the local economy and provide employment opportunities to residents during the cost-of-living crisis. Matters considered were:

- Customer experience – Building on the recently approved customer experience strategy, improve the customer journey/interface for residents accessing leisure centres.
- Local employment – To review what opportunities exist to link residents to the employment opportunities which arise from the operation of leisure centres. This would also help to deliver local priorities around a workforce to reflect the community.
- Access to supply chain opportunities –local businesses could be supported to bid for supply/services contracts relating to the leisure centres an approach that supports efforts to support and encourage growth of local businesses.
- Diverse reach / engagement for vulnerable residents – Better engagement with vulnerable or under represented groups who face barriers to engagement with leisure services.
- Public health outcomes – Enabling more effective delivery of a range of public health outcomes linked to increased physical activity e.g. reduced obesity, increased mental health and increased life expectancy among priority groups.
- Increased co-ordination of local services – Co-delivery of local services within leisure centres to maximise outcomes for residents e.g. increased co-location of health and social services across sites.

3.8 At Cabinet August 2022 the Council decided to insource management of the Leisure centres. Following this decision, the council established and agreed resources for a Leisure Insourcing Programme Board to coordinate and lead delivery and ensure effective management of the programme. This comprises a multi-disciplinary, cross-council team of specialist officers and draws on specialist advice and capacity from external leisure consultants. This is supported by a core programme team of project / programme managers. A lead officer has been allocated to each of the specialist workstream identified in the project programme who draw on expertise and capacity from across the council’s services.

Figure 1: Leisure Programme Project Structure and Workstreams



## How Leisure Insourcing is being Delivered and the Service Established

### *Be Well*: The Vision and Brand for the Leisure Service

- 3.9 The Council has developed and agreed *Be Well* as the brand for the new leisure service following extensive resident engagement. It was designed to encapsulate the council's wider ambitions for the service around health and wellbeing. The vision statement is shown below:

Figure 3: Be Well Vision Statement

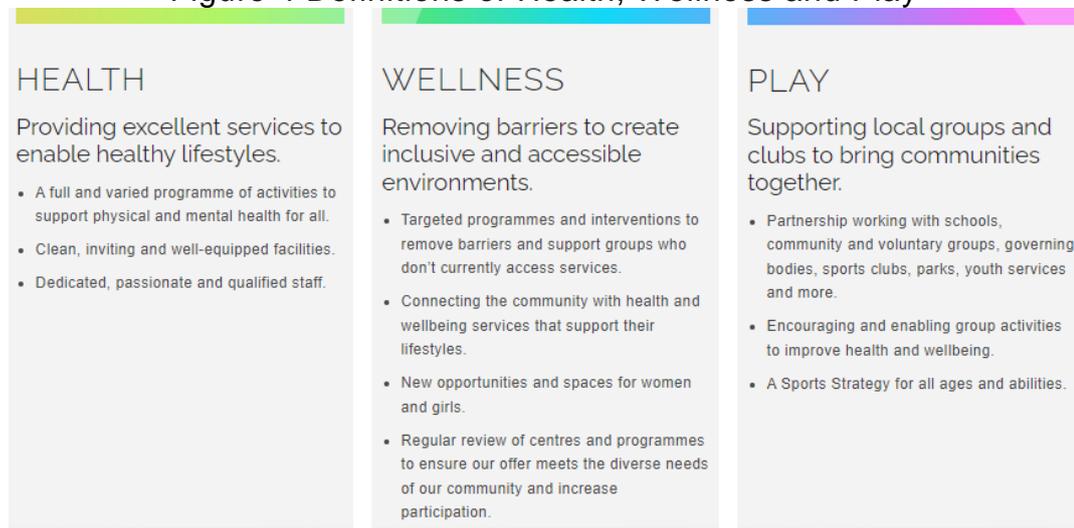
*“Be Well, run by Tower Hamlets Council, provides leisure services to support residents’ journeys to a healthier lifestyle. Our aim is to raise the quality of life for the Tower Hamlets community through three pillars: Health, Wellness and Play.”*

*“We believe sport and physical activity has a significant role to play in improving the physical and mental health of our community, supporting the economy and reconnecting communities.”*

- 3.10 The *Be Well* mission statement is:

Leisure activities, programmes and facilities for the Tower Hamlets community delivered through health, wellness, and play. How this will be delivered is shown below

Figure 4 Definitions of Health, Wellness and Play



- 3.11 Using the *Be Well* brand, a range of physical and digital material has been developed. The new website went live on 1<sup>st</sup> May. Advertising panels have been used including bus stops and digital locations across Town Hall screens, Idea Stores and Family Hubs and printed material is in the leisure centres with signage and branding changed ahead of the opening and launch of the service on 7<sup>th</sup> May.

### Financial Planning

- 3.12 The new *Be Well* Leisure Service budget was approved by in February 2024. The council used financial information supplied by GLL to build the expenditure and income budgets. The approved budget for 2024-25 is £2.105 million reducing to £1.344 million in 2025/26 including central support costs.
- 3.13 This was used to develop a 10-year revenue model for the service which has continued to be refined. It is projected that the service will move from net subsidy into surplus in 2027/28 with forecast growth in income of 24%. Additional income is anticipated from events (especially at York Hall), memberships (both additional and because of reducing customer attrition), York Hall Spa, additional Swim School membership and potential NHS commissioned services.

Table 1 – 10-Year Revenue Model – Leisure Services

Year	1	2	3	4	5	6	7	8	9	10
	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Income	9,629	11,709	13,083	13,705	13,979	14,259	14,544	14,835	15,132	15,434
Expenditure	11,735	13,053	13,325	13,608	13,880	14,157	14,440	14,729	15,024	15,324
Net	2,105	1,343	241	(97)	(99)	(101)	(103)	(105)	(107)	(110)

#### Facilities & Asset Management

- 3.14 In February 2022, Cabinet received a report setting out the need for capital investment into the borough's leisure centres. The report identified the need for £25.163 million investment. Capital investment was the responsibility of the Council over the period that GLL managed the leisure sites and had not been brought forward sufficiently to maintain condition over many preceding years. Specifically, to address the condition needs of the leisure estate, the council approved £1 million per year 2022/23 to 2024/25. This level of funding has been continued until 2026/27.
- 3.15 Detailed asset condition surveys have been carried out which indicate a total level of investment required (including fees at 11%) of c.£27.14 million over the next 10 years as shown in table 2.

Table 2 Assets Management Capital Investment Requirements (2023 Asset condition Surveys)

	Year 1 2024/25	Year 2 2025/26	Year 3- 5 2026- 2029	Year 5- 10 2029- 2034	Total
Replacement costs from condition surveys based on 2023 costs	3,165	6,139	8,170	6,381	23,855
Staffing and Professional Fees	500	500	785	1500	3,285
Total Required Budget	3,665	6,639	8,955	7,881	<b>27,140</b>
<b>Approved funding</b>	<b>3,665</b>				<b>3,665</b>
Additional Budget Required	0	6,639	8,955	7,881	23,475

Costs beyond year 1 are provisional and do not include any allowance for inflation.

3.16 The programme of works for 2024/25 will commence shortly and is summarised in table 3.

Table 3 Leisure Assets Investment Programme 2024/25

Facility	Priority Item (works)	Cost (£000s )
York Hall LC	Pool plant, Boilers, Roof	1,986
Whitechapel SC	Heating & Ventilation system, roof, lighting	108
Tiller LC	Boilers, Roof, Pool plant	93
Poplar Baths & LC	Heating & ventilation system, pool plant	47
Mile End LC & Stadium	Lighting system, heating system, fire alarm system, pool plant, roof, plant room	517
John Orwell SC	Boilers, lighting system, structural works	414
TOTAL WORKS		3,165
TOTAL Cost Incl Fees		3,665

3.17 As part of the ending of the leisure contract and leases with GLL, the council commissioned Carter Jonas to produce costed dilapidation surveys for all the leisure buildings. These have been completed alongside an assessment of the requirements of the leisure contract and the leases. This has supported the council in commencing formal dilapidation discussions with GLL. As previously mentioned, GLL were responsible an annual planned preventative maintenance programme. The 2023/24 programme was submitted in October 2023 officers are reconciling that schedule against a programme of over 100 property defects that are being rectified and repaired by GLL.

- 3.18 The insourcing of the leisure service gives the council an opportunity to incorporate the council's net zero carbon ambitions into its leisure asset strategies. There are grants available including the Public Sector Decarbonisation Scheme (PSDS) from the government to part-fund decarbonisation of council buildings, although the level of funding available is not sufficient to meet the total cost. The 10-year asset investment plan includes the replacement of existing heating systems and so there is an opportunity to consider the most appropriate and cost-effective way of incorporating net zero carbon technology.

#### Investing in Facility Improvements

- 3.19 As well as investing in leisure assets, work is underway to develop a longer-term facilities strategy to extend and develop the offer.
- 3.20 The Council is already investing c.£39 million in the redevelopment of the new St George's Leisure Centre which will create a flagship swimming and sports offer alongside exciting and flexible new facilities. The new centre is programme to be complete in 2027.
- 3.21 York Hall is considered to have significant potential considering the building's heritage interest, as the home of British Boxing and its spa facilities. This is supported by its location, adjacent to the recently refurbished Young V&A museum and excellent public transport links.

#### HR and Staffing

- 3.22 To create the service, a new staffing structure has been developed. The staffing structure chart is shown at Appendix 1. There are three key teams:
- The Operations Team, including in-sourced sports and leisure facility teams.
  - The Commercial Team, including, sales, marketing, and customer services.
  - The sport and physical activity team which it has been agreed in principle will transfer, subject to staff consultation.
- 3.23 ICT, public health, and facilities management services will run alongside these teams commissioned by the *Be Well* Leisure Service.
- 3.24 A key aspect of the insourcing process involved the requirement under TUPE (Transfer of Undertakings (Protection of Employment)) Regulations 2006 as amended in 2014. TUPE regulations protect employees' rights when a service is transferred from one organisation to another. The final list of transferees was: 62 colleagues (51.8 FTE) and 179 casual staff.
- 3.25 Council Officers have met with all three LBTH recognised Trade Unions and have established a monthly liaison meeting to foster good working relationships. The council's position for transferring colleagues were that they would transfer on their existing terms and conditions of employment. This was communicated to colleagues by way of a formal measures letter. Going forward consideration must

be given to how the Council will approach the harmonisation of terms and conditions of employees.

- 3.26 GLL were not required to provide details of casual staff but they have been identified and have been invited to approach the council so their working arrangements can be fully understood and to determine whether they will become part of the service.
- 3.27 At the time of writing there are a total of 20 vacancies. These will be sourced on a temporary basis by 4 Leisure Recruitment pending permanent recruitment.
- 3.28 In April, the council hosted a leisure recruitment fair at the Town Hall with several hundred residents expressing an interest in leisure jobs within the *Be Well* Leisure Service. Officers are working up options for how we can support residents into roles in the leisure service.
- 3.29 The Council hosted a 'welcome' meeting at York Hall attended by approximately 150 colleagues with presentations from the Deputy Mayor and Chief Executive.
- 3.30 The launch of the new Council Service was preceded by a closure week, necessary to support a programme of staff induction and training including familiarisation with the new leisure IT systems, health and safety issues and financial systems. This also allowed for IT equipment and new uniform to be issued and to prepare for the opening on the 7<sup>th</sup> May. At this time additional maintenance and cleaning works were carried out as well as the rebranding of the facilities.

#### Contracts & Procurement

- 3.31 As part of the transfer process there has been a programme to plan how to novate contracts from GLL to the Council or enter into new temporary arrangements with suppliers to ensure service continuity. Where possible, services have been integrated into existing council contracts by way of a deed of variation. For example, cleaning and facilities management services have been integrated into the council's wider contracts.

#### ICT and Customer Experience

- 3.32 The ICT workstream has been key in supporting the service to develop the Leisure Management System. The council has commissioned the Gladstone 360 product and service, which is a well-known, leisure industry product to support the management of the service. One of the key challenges has been to transfer customer data from GLL's system into the new system to ensure a smooth customer handover. This required the transfer of c.18,000 customer accounts to the new system of which c.12,000 are direct debit fitness (gym) customers, c.4,500 are classes / lesson members and the rest are 'pay and play' customers.
- 3.33 IT hardware (laptops, desktops and tablets) have been built on site and colleagues have been issued with council IT log-in details.

3.34 The *Be Well* website has been built and went live on 1<sup>st</sup> May with additional functionality being available for customers to book activities the following week. The next phase will be the launch of the *Be Well* app in June.

#### Health and Wellbeing Offer

3.35 The new *Be Well* Leisure Service, in collaboration with key partners, can help reduce health inequalities. The evidence base has been considered and is being used to determine measures of success:

- Women and girls are less likely to be active than men (25% compared to 23%).
- People aged 65+ are less likely to be active than younger people.
- People living with long term conditions and disability are less likely to be active than those without.
- People from Asian, Black, or Other backgrounds are less likely to be active than people with white background (42% Asian population inactive compared to 17% from White British background).
- People living in more deprived areas and on low incomes are less likely to be active than those living in more affluent areas.
- 50% of Girls are less active compared to 40% of boys.
- There are high levels of excess weight amongst children and young people in the borough.
- Low healthy life expectancy and a 7-year gap between men (65 years) and women (58 years) with wider gaps in Asian and Mixed ethnic groups with a high prevalence of females who are long-term unemployed.
- Post covid, sedentary lifestyle has increased amongst young people of the borough. This has led to an increase in number of cases of stress and anxiety reported amongst school aged children. This is reflected in the high number of children being referred to CAMHS.
- The number of reported cases of diabetes within women in the borough, 78% come from the BAME background compared to 22% who came from a white background.

3.36 Whilst reducing these inequalities will be challenging and requires long-term commitment, a 'whole-system' approach and cross-organisational partnership, there are examples of good practice in the capital and across the country we can build on. National research shows that 64% of people with a long-term health condition would like to be more active. Physical activity is safe for most people with long-term conditions, but the lack of an inclusive environment and suitable activities are seen as barriers.

3.37 The Public Health workstream has been focussing on developing relationships and identifying opportunities with health partners and council services. Over the coming months the following initiatives and pilot projects will be launched ahead of publishing a Sport and Wellbeing strategy:

- Community Activity Finder launched this week to make it easier to become more active and promote local clubs and organisations.
- Staff training in health and rehabilitation to develop a skilled workforce.

- Pilot project with local disability charity (Ability Bow) and Mile End LC to help us improve inclusivity and access.
- Developing pilot project with Community Learning Disability Day Centre to improve inclusivity and access for people with learning disabilities.
- Free swimming programme for women & girls and older adults.
- Pilot new memberships for young people supported by the Youth Justice and for Service Care Leavers.
- Lifeguard training and apprenticeship opportunities.
- Exploring a Social Prescribing Referral Scheme for inactive residents at risk of or living with a health condition.

## Programme Risks and Mitigations

3.38 Each workstream within the Leisure Programme has its own risk register which is reviewed and discussed at the monthly board meeting by the workstream leads. Table 5 (below) summarises the key programme risks. The key risk themes relate to the transfer of staff and the impact on the service, the condition of the leisure facilities and long-term investment needs and continuity of supplies and services contracts.

Table 4: Leisure Programme Risk Register May 2024

Risk	Risk Score	Mitigating Actions	Residual Risk Score
HR & Employees Insufficient managers and employees transferring GLL preventing opening.	16	<ul style="list-style-type: none"> <li>• Employ managers using newly evaluated roles, TUPE transfer of staff, use of specialise recruitment company to supply temporary staffing</li> </ul>	6
HR & Employees Pressure to and implications of harmonisation of terms and conditions.	12	<ul style="list-style-type: none"> <li>• Determine implications of harmonisation of terms and conditions</li> <li>• Develop regular trade union forum to build trust and good relationships</li> </ul>	12
Buildings (Facilities and Asset Management) Insufficient approved revenue budget for maintenance	12	<ul style="list-style-type: none"> <li>• Additional revenue funding included.</li> <li>• Schedule of repairs carried agreed and carried out by GLL</li> </ul>	6
Buildings (Facilities and Asset Management) Significant shortfall in approved capital funding over 10 years (£24M)	20	<ul style="list-style-type: none"> <li>• Year 1 capital funding approved.</li> <li>• Years 2-3 to be considered as part of the MTFS process.</li> <li>• Asset Dilapidations process underway</li> </ul>	12

Procurement & Legal Lack of novated and new contracts in place to ensure continuity of service		<ul style="list-style-type: none"> <li>• Programme of contract novation and RCDAs have been delivered.</li> <li>• Programme for 2024/25 being developed.</li> </ul>	
---	---	---	---

#### **4 EQUALITIES IMPLICATIONS**

- 4.1 A key consideration for in-sourcing the service was for the council to have the greater direct control of the service impact in order that it contributes in particular to reducing health inequalities as set out in section 3.11. The service is also expected to contribute to other council strategic priorities for example in relation to employment and skills. It is also the aim of the new service to have a representative workforce of the community.

#### **5 OTHER STATUTORY IMPLICATIONS**

##### **Best Value Implications**

- 5.1 The revenue budget for the service has been developed using a zero-base approach and modelled over a 10-year period showing income growth and an operating surplus from year four.
- 5.2 Detailed asset surveys have been carried and used to develop a 10-year asset investment programme which will be considered as part of council's MTFS. As the facilities strategy is developed, approaches to funding improvements to the facilities will be considered including maximising grant funding opportunities exploiting commercial opportunities.
- 5.3 The approach taken with the necessary supplies and services contracts has ensured continuity of service and a full programme of leisure procurement is being developed to ensure best value.
- 5.4 Risks are identified and managed within an integrated project framework.
- 5.5 Analysis supporting planned improvement is in place and ongoing.
- 5.6 Historic issues that had hindered performance have been identified and are being rectified.

##### **Consultations**

- 5.7 As set out in the paper there has been extensive resident engagement to design the new service.

##### **Environmental (including air quality)**

- 5.8 No additional comments

## **Risk Management**

5.9 See section 4.43

## **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 On 1<sup>st</sup> May 2024, the council took over the management and running of the council's leisure centres after approximately 20 years of outsourcing to GLL. The current capital programme has a budget of £3.000m over the years 2023-24 to 2025-26. This budget was financed through borrowing, it was agreed that the 3-year profile would be slipped from 2023/24 and accelerated from 2025-26 into 2024-25, topped up using a mix of s106 and CIL. This revised budget has now been through the capital governance process and the proposed works have been approved, as of 30<sup>th</sup> April 2024. Approved budget for 2024-25 is £3.665m, funded with £2.903m borrowing, £0.408m s106 and £0.282m CIL.
- 6.2 The leisure centre investment programme will be revisited during the capital budget setting in autumn 2024, where a more detailed capital requirement for the next 3 years will be reviewed, and suitable finance options will be recommended. It is noted that a minimum capital investment over the next 10 years is £23.475m as per Table 2.
- 6.3 There is no provision in the capital programme beyond the £3.665m currently approved, this also represents a growth of £0.665m from the original approved budget of £3m, as set out in the January Cabinet report.
- 6.4 The ten-year revenue model for operating the service is outlined in para. 4.18. Actual income and expenditure figures incurred by GLL in 2022/23 were used as the baseline for creating the budget. Inflation was added and adjustments made to arrive at a net budget of £2.1m for 2024/25. This budget growth was approved as part of the Council's budget setting process.
- 6.5 Savings targets of £967k in 2025/26 and £2m in 2026/27 have been built into the MTFS, where the service is projecting to grow its customer base, resulting in a breakeven position and then surplus from 2027/28 onwards, with the service being income funded. No further growth in the customer base is projected after 2026/27, with maximum capacity being reached.
- 6.6 There are a number of risks to achieving these budget targets. Reaching a breakeven position in four years is reliant on significant growth in the customer base; Harmonisation costs could exceed the £250k set aside to fund them; Further centre closures may be required when undertaking capital works which will impact income and the spa closure over the summer months has not been factored into budgets. A risk register is maintained detailing these risks and mitigating actions which are discussed with senior officers and members at Leisure Board meetings.
- 6.7 There are also opportunities for further savings. Other services could be hosted within the leisure centres, for example Youth services, reducing Council overheads. Insourcing the services allows closer working between leisure and public health and opportunities to better utilise public health grant.

- 6.8 A £1.9m project budget was allocated from reserves to meet the cost of insourcing the leisure service. At the end of 2023/24, £300k remained unspent from this allocation and it is proposed to transfer this back to reserves as part of the closure of accounts process. A further £1.39m has been allocated for 2024/25 and £275k in 2025/26 to fund the project team and manage the ongoing costs associated with insourcing the service.
- 6.9 The revenue implications of the St George's leisure centre do not form part of the 10-year revenue model. Although detailed modelling has yet to be completed on the impact of this centre, the Council's financial consultants FMG have indicated that the centre is likely to run at a loss for several years before breaking even or making a surplus. These losses will need to be contained within existing budget provision or form MTFS growth from 2027/28 onwards.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The council has the legal power to provide its leisure functions via in-house provision.
- 7.2 The council is legally required to secure continuous improvement in respect of the delivery of its functions in terms of a combination of economy efficiency and effectiveness. The council is also legally required to consult with stakeholders and take into account central government advice when seeking to change the mode of delivery of a significant legal function. The consultation must take place whilst the relevant decisions are at a formative stage and the council should consciously consider the results of the consultation whilst forming the relevant decision albeit the Council has a wide discretion to determine what constitutes Best Value to it. The report of August 2022 demonstrates that the appropriate procedure was followed whilst coming to the decision that was eventually taken.

## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

None.

### **Appendices**

Appendix 1: *Be Well* Leisure Service Draft Staffing Structure

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None.

### **Officer contact details for documents:**

N/A



# Appendix 1: Be Well Leisure Service Draft Staffing Structure

