

Item No. 13.	Classification: Open	Date: 8 March 2022	Meeting Name: Cabinet
Report title:		Progress report on insourcing of leisure services	
Wards or groups affected:		All	
Cabinet Member:		Councillor Alice Macdonald, Equalities, Neighbourhoods and Leisure	

FOREWORD - COUNCILLOR ALICE MACDONALD, CABINET MEMBER FOR EQUALITIES, NEIGHBOURHOODS AND LEISURE

Our emergence from the challenges of the past two years has thankfully seen many residents returning to their local leisure centres and attendance numbers continuing to grow. This clearly demonstrates that these services remain hugely important to our communities given the part they play in providing an opportunity for residents to invest in their wellbeing both physically and mentally.

Our leisure services bring huge benefit to our residents and the objectives originally set out at the beginning of the insourcing journey remain a top priority, directly delivering even better leisure services with our residents at the very heart of how we shape the service for the future.

This report highlights the progress made so far on returning the leisure centres to being a directly run council service. It sets out the solid foundations that have been laid during the first phases of planning and mobilisation and outlines the governance structure that has been established to ensure the service is delivered back to the council in a way that minimises disruption to both residents and staff members transferring over. It also sets out the extensive work being conducted across multiple council departments working collaboratively together to deliver a smooth transition.

Whilst tremendous progress is being made we continue to be acutely aware of the challenges we face in delivering such an ambitious project and are working tirelessly to address them, some of which are explored later in the report, that said, we remain focused and determined on delivering the best outcomes for our residents.

The council also recognises the cooperation and support of our current contractor Everyone Active and in particular the members of staff in the Southwark team who continue to deliver a great service in our centres during challenging and changing times. We look forward to welcoming them onboard and continuing to deliver and develop excellent services for our residents in the future.

RECOMMENDATION

1. That the Cabinet notes the progress that has been made in respect of the delivery of the project plan, the challenges and opportunities associated with insourcing, and management of risk in respect of the insourcing of the leisure service.

BACKGROUND INFORMATION

2. Following the recommendation of the GW0 report in March 2021, on 14 September 2021, the cabinet considered the GW1 Procurement Strategy report for insourcing the leisure service and approved the plan to bring the leisure service back in-house in June 2023 at the expiry of the current contract with Sports and Leisure Management Limited (operating as Everyone Active).
3. The Cabinet further approved the deployment of appropriate immediate resources and one-off mobilisation costs to plan and manage the insourcing process.
4. The council's primary aims and objectives for the insourcing strategy are;
 - To give the council direct control over its leisure services and enable, in time, significant innovation in leisure provision, through wide-reaching cross-council and whole system collaboration, which further enhances the health and well-being of Southwark's residents.
 - Transferring the service as smoothly as possible for customers
 - Transferring the service as smoothly as possible for staff
 - Delivering a value for money service.
5. The challenge of bringing this complex customer-focused and market-driven service in-house cannot be underestimated and, in the first instance, the focus must be on a safe and smooth transition from the current provider to direct delivery by the council in June 2023 - with the aim of having no detriment to the current levels of service provision and minimum impact on staff transferring. It is recognised that the commerciality and market sensitivity of the insourced leisure service means that it cannot be considered in the same way as other services and will require innovative and alternative approaches and skill sets.
6. In the longer term, once the service has been transferred and been given sufficient time to settle, the council also wishes to address the following long-term objectives and opportunities:
 - To ensure that the council can provide leisure facilities and services according to its priorities, maximising opportunities for residents to lead healthier lives
 - To ensure the health and wellbeing of residents is prioritised as we emerge from the pandemic, especially those from Black, Asian and Minority Ethnic communities (in accordance with the principles of

Southwark Stands Together)

- To work innovatively with key departments and divisions across the council and with partners, to provide excellent services for residents most in need
 - To minimise the immediate financial impact of the delivery of services
 - To run a service that is fit for the future and can respond flexibly to shifting priorities
 - To increase the numbers of locally employed people who will benefit from the council's favourable terms and conditions.
7. The Cabinet report of 14 September 2021 noted that a progress report would be brought back to Cabinet in Spring 2022 in order to provide an update on progress with the delivery of the project plan and management of the risks identified in the GW1 report.
8. This paper provides the progress report.

PROGRESS UPDATE

Governance Arrangements

9. Comprehensive governance arrangements have been established for the delivery of the leisure insourcing project.
10. The reporting and governance of the leisure insourcing project is being carried out primarily within four groups:
- The Sponsor Board
 - The Programme Board
 - The Project Delivery Team
 - Working Groups.
11. The Sponsor Group comprises the Strategic Directors of Environment and Leisure, Finance and Governance and Housing and Modernisation with the Director of Leisure and Head of Parks and Leisure. The Group meets every four weeks and is responsible for steering the overall direction of travel and for providing resources and support for the insourcing project.
12. The Programme Board comprises the Director of Leisure, the Head of Parks and Leisure, the Departmental Project Manager and representations from each of the Council's relevant service areas, including finance, procurement, legal, HR, communications, ICT, health and safety, physical activity, facilities management, children's and adult's services, public health and climate change. The Programme Board meets every four weeks and is responsible for the successful implementation of the project, ensuring effective communication with the Project Team.
13. The Project Delivery Team comprises the Director of Leisure, the Head of

Parks and Leisure, the Group Manager for Physical Activity and the Departmental Project Manager. The Project Delivery Team meets weekly and is responsible for reviewing the actions and outputs of the work streams and for the overall monitoring and progress of the programme. The Project Delivery Team have commissioned FMG Consulting Ltd, specialist sport and leisure consultants, to provide advice and support in respect of the insourcing project.

14. The Working Groups are led by the representatives from each of the council’s relevant service areas and are responsible for defining and undertaking the specific tasks in each workstream, keeping the Programme Manager informed of progress and supporting the Project Delivery Team on the development of the new leisure offer.
15. Whilst the leisure insourcing will follow standard constitutional processes in relation to formal decision making, in view of the magnitude, significance and scale of the insourcing programme, regular joint Lead Member Briefings will also be arranged for relevant Cabinet Members.

Work to Date

16. A draft programme plan was provided as part of the GW1 Procurement Strategy report. This plan detailed five phases of work as follows:

Table 1 – Programme Plan Phases

Phase	Task	Timeframe
Phase 1	Programme Set-up and Planning	Sept – Dec 2021
Phase 2a	Mobilisation and Preparation for Transfer	Jan 2022 – May 2023
Phase 2b	Strategic Outcomes Planning	Jan 2022 – May 2023
Phase 2c	Commencement of Insourced Service	Jun 2023
Phase 3	Service Activation and Bedding-In	Jun 2023 – May 2024
Phase 4	Service Development and Enhancement	Jun 2024 – Dec 2025
Phase 5	Service Evaluation	Jan 2026– Mar 2026

17. The key focus of the Project Team in the early stages of the programme plan has been to develop the vision for the intended scope and ways of working and to enable a “target operating model” to be drafted for the insourced leisure services in the context of the council’s wider services and support structures.
18. The objectives of this work have been to consider the respective roles of the new insourced leisure service and the various central support services both in the mobilisation phase and following commencement of the insourced service, to clarify how the new services fit with the existing council structures, to identify additional resource requirements, both in the leisure department and central support teams, (and in consultation with the unions) and to develop an understanding of the key issues and risks that will need to be managed through the project, together with potential mitigating strategies.

19. In parallel with this work, the Project Team is meeting regularly with senior leisure officers in neighbouring boroughs. This approach is particularly pertinent in relation to Lambeth, as it has also made a similar strategic decision to insource its leisure services. The Project Team is working to explore any opportunities for economies of scale, synergies and joint working.

Target Operating Model

20. At this stage, it is not anticipated that significant changes will be made, at least in the short term, to the site-specific management and staff team structures at each of the leisure facilities in Southwark. Further consideration will be undertaken in this respect as further information is received regarding the transferring workforce nearer to the point of transfer.
21. An indicative senior management team structure has been developed for the insourced leisure service. This indicative structure has been developed in advance of analysis of the details of the workforce likely to transfer from Everyone Active and in advance of consultations with staff and unions.
22. Authority for permanent structural changes to the workforce will be sought via the normal Council-process, with approval by the Strategic Director of Environment and Leisure, through an IDM report. Union colleagues will also be consulted on draft proposals, in line with due process. Alongside the formal process, additional meetings will also be proposed, to maximize information sharing and collaborative opportunities.
23. The indicative management team structure comprises a senior lead, the Head of Leisure Insourcing, supported by three senior managers, the Leisure Operations Manager, the Leisure Commercial Manager and the Leisure Systems Manager.
24. The proposed approach is that the Head of Leisure Insourcing, a two-year fixed term post, will have overall responsibility for the delivery of the mobilisation and operational phases of insourcing the service. The Leisure Operations Manager will line manage the General Managers and oversee day-to-day leisure operations, including facility management, cleaning, health and safety and quality matters. The Leisure Commercial Manager will drive the income generating activities of the insourced leisure service, overseeing sales, marketing, programming and wider physical activity and partnership matters. The Leisure Systems Manager will manage the key structures and systems underpinning the insourced leisure service including finance, ICT and HR matters.
25. After the mobilisation period is complete, and services bedded in, the Head of Leisure Insourcing role will end, and will be replaced by recruitment to a permanent Head of Leisure Services and Facilities. This

model has been adopted following feedback from the leisure and recruitment sectors, recognising the specific skills required for the insourcing period and those required once that has been completed.

26. The relationships between the new leisure team and the Council's existing central support teams, including their respective roles and responsibilities, have been considered in some detail, following in depth discussions with each key service discipline (FM, HR, ICT, Finance, Marketing and Comms etc). In general terms, the new leisure team will be responsible for leading and coordinating the mobilisation and ongoing operation of the insourced leisure services.
27. In this general context, specific input and resource will be required from the various central support teams during the mobilisation phase (i.e. in Phase 2a) as follows:
 - The central HR team will support the recruitment of mobilisation resource as and when it is needed, the review of TUPE information received from Everyone Active, the planning for harmonisation of terms and conditions and the management of the TUPE transfer process itself
 - The central FM and technical teams will support with any necessary liaison with the council's wider FM provider and with the procurement of appropriate utility supply arrangements
 - The central Health and Safety team will provide an initial sampling assessment of existing health and safety arrangements in the leisure facilities and oversight as the leisure team develops new health and safety policies and procedures for the insourced leisure service
 - The central Communications team will provide oversight as the leisure team develops new marketing and communications policies and procedures, to support the development of site and/or service branding, to understand customer and non-user views and use them to inform the future service, to support the delivery of the leisure team's marketing and communications plan and to advise in respect of PR activity
 - The central ICT team will review the existing ICT infrastructure and functionality with a view to establishing new systems to at least replicate existing service provision. This is likely to involve the procurement of relevant ICT system partners and, potentially, the development of bespoke solutions for the insourced leisure service, integrated as appropriate with wider council systems (being mindful to utilise existing systems to avoid replication, wherever practicable to do so)
 - The central finance team will support the leisure team's financial reconciliation with Everyone Active as the current leisure management contract expires. They will guide the leisure team through relevant financial management and budget setting processes and will support with the establishment of insurance and direct debit collection arrangements
 - The central Legal and Procurement teams will provide advice across

a range of areas, including the procurement of new supply arrangements and establishment of new contracts, the management of the TUPE transfer process, the transfer of staff and customer data and the governance arrangements of the insourced leisure service.

28. Further, ongoing input and resource will be required from the central support teams once the insourced leisure service has commenced (i.e. in Phase 3) as follows:
- The HR team will need to provide oversight of HR policies and procedures, support for ongoing recruitment needs and delivery of payroll and pensions administration;
 - The central FM and technical teams will need to provide ongoing support with utility supply procurement and will support the leisure team on specific major capital projects as and when necessary;
 - The central Health and Safety team will provide support and advice as and when required;
 - The central Communications team will need to maintain oversight of the leisure team's implementation of agreed style guides and marketing plans and may provide specific support in agreed areas;
 - The central ICT team will need to provide ongoing management of the ICT infrastructure and coordination of in-house and subcontracted services, supporting the leisure team's ICT resource;
 - The central Finance team will need to provide oversight of the leisure team's finance policies and procedures, provide accountancy services for the insourced leisure service and deliver an appropriate audit function;
 - The central Legal and Procurement teams will need to provide oversight of procurement policies and procedures and ongoing legal advice.

Resource Requirements

29. The proposals for the Target Operational Model and the consideration of the roles and responsibilities of the new leisure team and the Council's existing central support teams are informing the identification of additional resources required. The final structure will be drafted over the coming weeks, in line with standard recruitment processes.
30. The Council's framework interim recruitment supplier (Osborne Thomas) was commissioned to undertake a search for the two year Head of Leisure Insourcing role. Active recruitment, both internally and within the external market place took place in January and an offer has been accepted. When in post, this role will then lead the recruitment of the operations, commercial and support manager roles, in line with the Council's standard recruitment processes. Officers are also working to recruit a replacement programme manager, additional HR support and another ICT post. Further additional roles have also been scoped and will be brought on stream as the programme develops. Discussions are also underway across each discipline with regard to additional bespoke

support that may need to be externally procured – including legal, HR, design, marketing and comms.

Key Issues / Challenges

31. Southwark is one of the first boroughs to fully insource leisure services following a period of externalisation, and whilst the opportunities associated with this unique approach should not be under-estimated, neither should the challenges associated with this process.
32. As the various workstream considerations have progressed, a number of key issues and challenges have been identified which will need specific attention through the mobilisation and/or post-transfer phases. These key issues include the following:
 - **General** – Ensuring a seamless transfer of services from Everyone Active to Council management, to ensure a positive customer experience and to minimise any impact on staff.
 - **Human Resources** - The need for a thorough and concerted onboarding process. This will involve early engagement with the workforce transferring from Everyone Active, with the aim of minimising loss of resource, facilitating smooth transfer and engendering positive staff morale in advance of the transfer to insourced delivery
 - Harmonisation of the terms and conditions of the workforce transferring from Everyone Active with council terms and conditions. Further consideration is being given to the optimal timing of the harmonisation to maximise benefits and minimise risks, with the key objective being to ensure that transferring staff benefit from the changes as soon as possible, but also enjoy a smooth experience. Harmonisation will require the completion of significant preparation work through the course of the mobilisation phase;
 - The recruitment of suitably skilled and experienced new leisure and central team staff, to ensure sufficient capacity to manage the new service.
 - **Facilities Management** - The need for a coordinated approach to the establishment of new FM arrangements, including the potential procurement of a range of new direct sub-contractual arrangements, either through multiple single contracts, or via an umbrella arrangement with a FM delivery partner. A 'single supplier' procurement approach will be required in some instances
 - Ensuring that relevant surveys are undertaken and legal obligations are met in relation to dilapidations at contract exit.
 - **Procurement** – procuring goods and services in a timely manner, and in line with public procurement regulations – and in a way that enables the speed and flexibility required for the delivery of leisure services, within a commercial market-place.

- **Marketing and Communications** - The initial development of site and service brand and style guides to ensure that the marketing and communication activity of the insourced leisure service is in accordance with council policies and procedures whilst also enabling commercial flexibility and appeal in a highly competitive market
- Ensuring brand appeal, to enable customer retention and new sales.
- **ICT** - The need to specify and develop ICT systems and functionality which at least replicate existing provision for leisure service users; this is likely to involve the procurement of an appropriate ICT system supplemented by the development of bespoke systems and applications, where suitable existing systems are not already available;
- Identifying areas that are suitable for delivery through the shared ICT service, and those which require delivery by LB Southwark.
- **Legal** - The need to manage the GDPR-compliant transfer of staff and customer data from Everyone Active to the insourced leisure service at the commencement of the operational phase;
- **Finance** - The establishment of financial management systems which are fully compliant with council policies and procedures and provide suitable commercial flexibility
- Recognition that the current leisure market is volatile, due to the impact of Covid, making short-term business planning challenging;
- A clear view as to whether the council service will be based on a cash-taking or cashless operation.
- **Contract Exit** - The ongoing monitoring of, and liaison with, Everyone Active and the management of the expiring leisure management contract.

33. These issues and others associated with each service area are the subject of ongoing consideration and management as part of the Working Group discussions, and are captured in the detailed plans developed for each work area.

Key Risks

34. Table 2 below provides an update of the key risks which have been identified and are likely to arise through the course of the delivery of the programme plan.

Table 2 – Summary of Key Risks

Risk	Notes	Likelihood	Potential impact	Mitigation/Control measures	Revised impact
Impact of COVID-19	Uncertainty around medium	Medium	High	- close monitoring of EA and wider sector	Medium

Risk	Notes	Likelihood	Potential impact	Mitigation/Control measures	Revised impact
	and longer-term impact of COVID pandemic			recovery; - detailed budget planning for operational phase, including sensitivity analysis	
Financial performance	Uncertainty of future financial performance	Medium	High	- detailed budget planning, including identification of cost mitigation measures; - implementation of budget management and performance monitoring procedures	Medium
Operational performance	Scope for poor or inconsistent operational performance	Medium	Medium	- recruitment and training of appropriate leisure professionals to oversee the service; - establishment of robust quality management systems; - implementation of appropriate customer engagement systems	Medium
Lack of capacity to recruit required additional staffing levels at pace	Delay in recruiting skilled resource to deliver through mobilisation phase	Medium	High	Early recruitment of sufficient HR support to ensure sufficient resource to support the wider recruitment process	Medium
Impact on central services	Uncertainty re scope and level of additional support likely to be required	High	Medium	- early proactive engagement with central service teams; - ongoing working group discussions and programme plan delivery; - identification and recruitment of additional resource requirements; - establishment and management of mobilisation budget	Medium
Staffing –	Lack of relevant	Medium	Medium	- early confirmation	Medium

Risk	Notes	Likelihood	Potential impact	Mitigation/Control measures	Revised impact
senior leisure management	senior leisure management expertise in existing in-house team			of intended senior management structure and delivery of recruitment strategy; - ongoing commissioning of appropriate external specialist leisure expertise	
Staffing – retention of staff	Scope for loss of staff to other EA contracts and/or loss of staff morale	High	Medium	- early engagement with EA to establish TUPE information and assert contractual provisions re changes of staff structures; - implementation of proactive onboarding plan for transferring workforce	Medium
Early contract exit	Potential for EA to fail or pursue early exit from contract	Low	High	- continued engagement and open communication with EA; - continued monitoring of market recovery and understanding of any impacts on EA	Low
Programme delays	Scope for elements of the mobilisation process to be delayed	Medium	High	- establishment of clear project governance arrangements; - establishment and delivery of detailed programme plan	Medium
Failure to achieve benefits of insourcing	Potential for practicalities of mobilisation to divert focus from insourcing benefits	Medium	High	- established of clear project governance arrangements with clear description of strategic objectives; - Implementation of strategic outcomes planning process as early part of programme plan.	Medium
Failure to at least replicate	Negative impact on customer	Medium	High	- early engagement with EA and central	Medium

Risk	Notes	Likelihood	Potential impact	Mitigation/Control measures	Revised impact
existing ICT functionality and service provision	perceptions and commercial performance			ICT team to establish requirements; - Recruitment of appropriate internal and external resource to oversee process.	
Reputational risk if programme is not delivered on time and to a high standard	High profile insourcing will attract attention. Poor performance will become highly visible	Low	medium	Careful and early planning and early recruitment of sufficient resource will limit likelihood of poor performance. High level support and engagement from both Members and senior officers will ensure clear vision and ensure smooth implementation.	Medium / Low

Mobilisation Costs

35. As set out in the GW1 report, a mobilisation budget of £2.4million has been established for the mobilisation process.

Policy framework implications

36. The management of the leisure centres and delivery of excellent leisure services is directly linked to the council's commitment to a 'Fairer future for all', in particular:

We want to break down barriers that prevent people from thriving in Southwark, so that whatever your background you can live a healthy life

37. The refreshed Borough Plan 2020 - 22 sets out a series of commitments across eight themes:

- COVID-19 response
- Southwark Together
- A green and inclusive economy
- Climate Emergency
- Tackling health inequalities
- Homes for all
- A great start in life
- Thriving neighbourhoods.

38. Leisure centre provision contributes to the delivery of these commitments. In particular, the Borough Plan states, 'Invest in our leisure centres and ensure our residents can continue to access high quality leisure services.'
39. In addition, leisure centre provision is an important part of the Active Southwark strategy which was agreed by the cabinet in April 2019. The themes of the strategy are:
- Active People – understanding the circumstances of individuals to better shape our services and offer
 - Active Places – shaping our environment and facilities so that they encourage more people to be more active
 - Active Communities – maximising resources and building partnerships with our communities that promote physical activity.

Community, equalities (including socio-economic) and health impacts

Community impact statement

40. As noted in 'Table 1 – Programme Plan Phases', the council will be undertaking strategic outcomes planning which will reflect upon how and where the in-house leisure service can contribute positively to the delivery of the council's wider strategic outcomes. This fundamental review will reflect the specific objectives and priorities established in the Borough Plan and the 'Southwark Stands Together' pledges, whilst also recognising wider local needs and the strategic objectives of relevant partners and stakeholders. In particular, it is expected that the strategic outcomes planning will focus on the scope for the in-house leisure service to help to address health and other inequalities in Southwark.
41. Potential areas of community impact would be in relation to any changes implemented based on the result of the strategic outcomes planning work. To minimise any impact on the community and residents with protected characteristics, an equalities impact assessment will be carried out if any changes to the service are proposed.
42. That said, it should be noted that at the point of transfer there will be limited impact on the community as the council plans to retain its existing leisure offer for at least one year to ensure a successful transition/ bedding in period.
43. The Equalities Impact Assessment will be updated at key milestone intervals throughout the mobilisation period.

Equalities (including socio-economic) impact statement

44. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of

the local area can be secured. The details of how social value will be incorporated within the insourcing of the leisure services are set out in the following paragraphs.

45. The insourcing of the leisure service will result in benefits for the local economy. One of the council's key objectives of insourcing the service is to increase the numbers of locally employed people who will benefit from the council's favourable terms and conditions.
46. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that all staff, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. EA are currently also delivering on this commitment so this would continue and the council will pay the London Living Wage.
47. The council does not utilise harmful zero hour contracts and is committed to employing full and part time staff as opposed to casual staff. The council know that for industry relevant reasons EA do use zero hours contracts but they aim to keep this to a minimum. The council would review this position with the aim to reducing the number of zero hours contracts further.
48. The council will continue to appoint apprentices as part of an insourced leisure service.

Health impact statement

49. The long term objectives of insourcing the leisure services outlined in paragraph 6 are directly linked to reducing health inequalities and improving the opportunities for residents to lead healthier lives through the development of a more resident focused service.
50. The process by which the leisure services are insourced does not impact on the current opportunities that residents have, as the initial aim is to provide the same service that residents currently receive, before extending the offer.
51. Throughout the process of insourcing the leisure services, the Project Delivery Team will regularly consult with key health stakeholders such as the Public Health team and Adult and Social Care Team to develop the long term vision for the service, so ensuring that it remains closely aligned to their current policies and strategies for reducing health inequalities and providing equitable access to services for all residents.
52. In addition to this, the Strategic Outcomes Planning exercise, in phase 2 of the project delivery phases, will also assist the council on focusing the long term delivery of the service where is it needed the most in order to meet the objectives set out in paragraph 6.

Climate change implications

53. The council's leisure providers have always been required to provide acceptable and appropriate environmental policies, required to deliver on specific performance targets for increasing recycling, reducing waste and energy consumption and expected to implement energy management plans aimed at reducing carbon emissions in line with the council's own targets.
54. With the council declaring a Climate Emergency it is expected that the requirements of an insourced service will not only continue to uphold the existing standards in place, but to expand on them over time. In this regard, the service will seek to set the example of good environmental impact management and deliver on the key objectives from the Climate Emergency Action plan approved by cabinet in July 2021.

Resource implications

55. As detailed in paragraphs 29-30 the insourcing of the leisure service has significant resource implications. The two year Head of Leisure Insourcing will oversee the recruitment of the operations, commercial and support manager roles, in line with the council's standard recruitment processes. After the mobilisation period is complete, and services bedded in, the Head of Leisure Insourcing role will end, and will be replaced by a permanent Head of Leisure Services and Facilities.
56. Officers are also working to recruit a replacement programme manager, additional HR support and another ICT post. Additional roles have been scoped and will be brought on stream as the programme develops, following the normal recruitment processes. Discussions are also underway across each discipline with regard to additional bespoke support that may need to be externally procured – including legal, HR, design, marketing and comms.
57. As noted in paragraphs 27 and 28, specific input and resource will be required from the various central support teams during the mobilisation phase and once the insourced leisure service has commenced.
58. It should also be noted that the council has an agreement in place to utilise the services of a specialist sports consultancy if required over the next 18 months, in order to support the insourcing of the leisure service.
59. Staff in the current leisure contract will be protected under the Transfer of Undertakings (Protection of Employment) legislation (TUPE). There will be amendments to the final number of staff until the TUPE transfer takes place. The impact of these changes on HR and payroll will be managed as part of the HR working group.

Legal implications

60. As noted in paragraphs 67-69 below.

Financial implications

61. The cabinet report of 14/9/2021 which approved the recommendation to insource the leisure services also approved the mobilisation cost of £2.4m connected with this process to be funded from earmarked reserves.
62. The cost of this procurement will be allocated against the revenue budgets of the Sports and Leisure team and any costs that cannot be contained within departmental revenue budgets will be submitted for funding from the earmarked reserves at year end.
63. A new and specific cost centre has been setup to collate and monitor all costs associated with the insourcing of the council's leisure facilities and related services. The related costs will be monitored and reported as part of the departmental revenue budget monitoring process.

Consultation

64. Staff - Formal engagement and consultation will take place with existing Everyone Active staff as part of the TUPE process; this has been built into the programme plan. Consultation will also take place with the relevant Trade Unions as part of this process to assist with robust check and challenge of the programme management process. The aim is to make the transition from external contract to council employee as smooth and informed as possible. In addition to the formal processes, informal discussion will also take place between staff (as supported by, and agreed with, EA) and with the unions, to seek to minimise disruption, reduce anxiety associated with change, and maximise opportunities.
65. Internal stakeholders – relevant teams and departments such as public health and adult and social care are part of the governance structure of the programme to insource the services. As such they have representatives on the corporate steering group, and the Programme Management Team will have regular workshop meetings to explore the insourcing route and future direction of the service in more detail.
66. External stakeholders and residents – Extensive consultation with these groups will take place as part of the Strategic Outcome Planning work.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

67. There are no specific legal implications arising from the recommendations in this report, which is an update report in respect of the planned insourcing. Advice has previously been given in the earlier reports to

Cabinet concerning this insourcing, and specifically the gateway 1, which is still relevant.

68. The Cabinet's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The PSED General Duty is a continuing duty, and therefore the Cabinet is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 40-52, setting out the consideration that has been given to equalities issues which should be considered when noting the recommendations in this report.
69. The Director of Law and Governance and her staff will continue to provide advice to officers on any legal and governance issues arising during the programme plan phases noted in Table 1.

Strategic Director of Finance and Governance (EL21/139)

70. The report is requesting the Cabinet to note the progress that has been made in respect of the delivery of the project plan, the challenges and opportunities associated with insourcing, and management of risk in respect of the insourcing of the leisure service.
71. The strategic director of finance and governance notes the financial implication on the funding arrangements and understands that any mobilisation costs will be incorporated within the departmental revenue budget monitoring and reporting arrangements.
72. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 1 - Procurement Strategy Approval Insourcing the leisure service	Leisure Team, 160 Tooley Street	Tara Quinn 07940788704
Link (copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s101258/Report%20Gateway%201%20-%20Procurement%20strategy%20approval%20insourcing%20the%20leisure%20service.pdf		
Gateway 0 - Appraisal of management options for leisure centres	Leisure Team, 160 Tooley Street	Tara Quinn 07940788704
Link (copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s94286/Report%20Gateway%200%20-%20Appraisal%20of%20management%20options%20for%20leisure%20centres.pdf		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Alice Macdonald, Equalities, Neighbourhoods and Leisure	
Lead Officer	Toni Ainge, Director of Leisure	
Report Author	Tara Quinn, Head of Parks and Leisure	
Version	Final	
Dated	24 February 2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Date final report sent to Constitutional Team		24 February 2022