

# North Lanarkshire Council

## Report

### Policy & Strategy Committee

approval  noting

Ref LMcM/HL

Date 03/12/20

### Insourcing the Delivery of Culture, Sport and Leisure Services – Programme Progress

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#### Executive Summary

This report provides an update to Committee on work undertaken to date to progress the decision taken by the Policy & Strategy Committee at its meeting of 31 January 2020 to insource the delivery of culture, sport and leisure services, currently provided by Culture & Leisure NL Limited ('CLNL'). The report also highlights the plan for recovery, associated financial implications and key considerations linked to the workforce transfer strategy.

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#### Recommendations

The Policy & Strategy Committee is recommended to:-

- (1) note the progress as outlined in the report; and
- (2) otherwise, note the contents of the report.

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#### The Plan for North Lanarkshire

Priority All priorities

Ambition statement (24) Review and design services around people, communities and shared resources.

## 1. Background

1.1 The Policy & Strategy Committee, at its meeting of 31 January 2020, approved the following actions:

1. To insource the delivery of Culture, Sport and Leisure Services which are currently provided by Culture and Leisure NL Ltd;
2. To prepare and implement a detailed insourcing plan. The insourcing plan was approved by Policy & Strategy on 19 March 2020;
3. To progress the preparation and execute all resolutions on behalf of the council as sole member of Culture and Leisure NL Ltd to amend the company's Articles of Association, and to implement any decisions associated with insourcing culture, sport and leisure Services and the transfer of assets from Culture and Leisure NL Ltd to the council, and
4. To submit a further report to a future meeting of the Committee, as a matter of urgency, on the insourcing of the delivery of culture, sport and leisure services. As above, this report was submitted to Policy & Strategy Committee on 19 March 2020.

1.2 Implementation of the programme has continued under the guidance of Programme Board, led by the Executive Director of Enterprise & Communities as Project Sponsor. The programme remains on track to achieve transfer of all CLNL employees and services to North Lanarkshire Council on 1 April 2021.

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## 2. Report

### 2.1 Insourcing Transition Plan Progress

2.1.1 At the meeting of Policy & Strategy Committee on 19 March 2020, members were presented with an overall insourcing transition plan and indicative timelines. Five workstreams were established under the direction of the Senior Responsible Officer and including representatives of both the council and CLNL. Significant progress has been made.

| Workstream  | Key Focus  |
|-------------|--|
| Assets & IT | This group originally focused on ensuring clear information was made available on fixed and moveable assets in scope to transfer to the council. Full details were also provided relating to licences and contracts to allow for comprehensive review by legal colleagues. Moving forward, the focus of the group for the coming months will be the ongoing challenges arising from the integration of the leisure network infrastructure to the council network. Primarily, the planned move to iTrent, business critical systems, IT hardware assets and peripherals. All milestones on track. |
| People      | This group is leading the TUPE transfer and ongoing engagement with trade unions. Further details below.   |

|                              |  |
|------------------------------|--|
| Finance                      | The Finance workstream is working to a clear action plan with a view to completing key tasks by end December 2020. The focus for the group is process alignment and ensuring a continued, robust and effective financial management. This includes engaging with third party providers, where appropriate. All milestones on track.  |
| Legal                        | While a significant area of work for the legal workstream is ensuring the due diligence process is completed appropriately and in line with our obligations, this group is also responsible for liaison with OSCR and ongoing correspondence with the CLNL Board. The council has engaged an external legal partner in Shepard & Wedderburn who will provide independent advice, as required. All milestones on track. |
| Future Operating Model (FOM) | The FOM group (linking with the People Workstream), will consider the transfer of staff employed by CLNL, taking into account the likely impact on council structures and the future model of delivery of culture and leisure provision, making appropriate recommendations to the Programme Board and CMT. Further details on work to date is outlined below. All milestones on track.                                |

## 2.2 Workforce Transfer Strategy/Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006

2.2.1 In early July 2020, the council wrote to the CLNL Board to advise of its intent to transfer the delivery of culture, sport and leisure services to North Lanarkshire Council on 1 April 2021. It was confirmed that this was considered a relevant transfer under TUPE regulations and all CLNL employees would receive the protection this provides. This has been accepted by the Board of CLNL, and OSCR have been advised.

2.2.2 As a result of this acceptance, engagement with the trades unions was able to begin in earnest. Joint NLC/CLNL meetings are now underway with a plan to meet on a regular basis throughout the transition process. Unison, Unite and GMB are working with NLC/CLNL to ensure the most appropriate outcomes for employees are achieved. It is the council's intention to seek to harmonise terms and conditions of all transferring employees, where possible. The trade union's role in working with employees of CLNL and council representatives is critical to the achievement of this objective.

2.2.3 In line with the council's responsibilities under Regulation 13 (6) of the TUPE Regulations, the trade unions have been advised of the measures which NLC envisages it will take as a result of the transfer, in relation to affected employees. In the context of TUPE, measures are changes to employment arrangements after the transfer which are proposed by the incoming employer (the council). Trades unions were advised that the following measures are proposed:

- Proposed change in reporting lines, place of work and job title/content.
- Confirmation that membership of the Strathclyde Pension Fund would continue.

- The intention to move all CLNL staff to the council's HR system, iTrent, which may result in a change of procedure for former leisure staff in relation to such matters as submitting expenses and requesting leave.

2.2.4 Trades unions are seeking further details on the exact nature of these changes. Further details are being prepared and will be provided at the next joint meeting in November 2020.

2.2.5 For those Services who are likely to "receive" CLNL employees in the transfer, work is underway to design new structures which will ensure the council continues to respond to ongoing business challenges (incorporating the new demands which include culture, sport and leisure provision) while continuing to support the ambitious vision outlined in the Plan for North Lanarkshire. To date, trades unions have been advised that it is the council's intention to transfer the proposed number of employees into central support services, in line with the council's existing business model.

| <b>Area</b>                         | <b>Headcount</b> | <b>FTE</b>   |
|-------------------------------------|------------------|--------------|
| Business Solutions                  | 7                | 7            |
| Corporate Communications            | 7                | 6.8          |
| Environmental Assets                | 14               | 11.69        |
| Financial Solutions                 | 14               | 13.66        |
| Housing Property & Projects         | 8                | 8            |
| People & Organisational Development | 16               | 15.91        |
| <b>Total</b>                        | <b>66</b>        | <b>63.06</b> |

2.2.6 Following completion of an options appraisal by the Future Operating Model workstream and engagement with key stakeholders, a further 150.68 FTE will transfer to Asset & Procurement Solutions to support frontline delivery of catering, cleaning and caretaking. Work is ongoing to confirm the position in respect of the current CLNL casual workforce.

2.2.7 While the FTE numbers outlined above have been provided to both the affected Heads of Service and the trade unions, it is recognised that these numbers are subject to change. Elected members may be aware that CLNL have recently announced an invitation of expressions of interest for voluntary redundancy from their workforce. As a result it is possible that a number of the employees highlighted above may leave CLNL prior to transfer. However, the protection of TUPE requires that all employees employed by CLNL immediately before the transfer are automatically transferred to the council. Any reduction in staff number arising from the VRS trawl currently underway in CLNL will be reflected in the employee liability details provided to the council not less than 28 days before the date of transfer.

2.2.8 Employees of both CLNL and the council were given formal notification of the decision to insource and the proposed transfer date in early September. People & Organisational Development (in conjunction with CLNL) will continue to work with individual employees and their representatives to ensure a smooth transition and continued achievement of all milestones.

## 2.3 Recovery Planning & Financial Challenges

- 2.3.1 While the insourcing exercise continues regardless of operational challenges currently experienced by CLNL, the impact on its employees (many of whom may not be able to work at present) and its current model of service delivery must be considered when designing services for the future.
- 2.3.2 Both culture and leisure services continue to recover in line with Scottish Government guidance and Council approval. A number of community facilities and venues are in use to deliver essential services such as Out Of School Care and the public flu vaccination programme, however to date 6 sports/leisure centres, 2 museums and 6 libraries, besides golf and tennis and outdoor sports, including school and leisure centre pitches, are now open to the public with CLNL management monitoring both income and attendance in line with the restrictions that are currently in place.
- 2.3.3 The facilities which are open include Airdrie Leisure Centre, Wishaw Sports Centre, Ravenscraig Regional Sports Facility, Time Capsule, Tryst Sports Centre, Broadwood Leisure Centre, Summerlee Museum of Scottish Industrial Life, North Lanarkshire Heritage Centre, Bellshill Cultural Centre, Airdrie Library, Coatbridge Library, Cumbernauld Library, Motherwell Library and Kilsyth Library.
- 2.3.4 It is recognised that there is significant public concern that the opening of facilities has not been more widespread. However, re-opening plans will be actioned only on the basis that it is safe to do so. The phased reshaping of the operational delivery profile for culture and leisure services to secure a resilient sustainable model, initially over the course of the current and subsequent two financial years, has been established taking into account the specific Council budget decisions, but with the added imperative to address the impact of the COVID19 crisis adding additional pressure as regards the sustainability of the current service model.
- 2.3.5 Elected members are aware of the financial challenges facing CLNL service delivery, amounting to £8m. This figure consists of a total of £6.2m of reductions in the management fee which comprises; a £0.5m management fee reduction and £0.7m merger related savings approved in 2019/20 but not yet fully implemented by CLNL and a further £5m approved reductions across 2021/22 and 2022/23. The remaining sum of £1.8m requires to be achieved to fund CLNL's cost pressures for 2020/21 including pay awards and inflationary pressures. CLNL's decision to seek expressions of interest for voluntary redundancy in 2020/21 contribute towards easing these pressures.
- 2.3.6 Having benefited from funding arising from the Coronavirus Job Retention Scheme (CJRS), Officers continue to review emerging Government guidance. The council has agreed to continue to offer supplier relief to the end of November 2020 (as required) based on existing service delivery. In addition, the financial projections presented to Council in October 2020 included the assumption of ongoing financial support to CLNL for the remainder of the financial year. Elected Members will be aware of the Council's Medium Term Financial Plan approved at Policy & Strategy Committee in October. With the Council's anticipated future budget gap the current position of increased subsidy to CLNL is unlikely to be sustainable moving forward.

- 2.3.7 CLNL continue to pursue opportunities to access additional funding where possible. One such successful application and award from Creative Scotland Performing Arts Venues Relief Funding will yield £204,000 for Motherwell Concert Hall & Theatre, Airdrie Town Hall and Bellshill Cultural Centre. While not yet able to welcome audiences back to the entertainment venues, a new online series of events is being developed by CLNL including a new Christmas production, comedy shows and aspects of arts development's music, dance and drama programme.

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### **3. Equality and Diversity**

- 3.1 Fairer Scotland Duty
- 3.1.1 Initial assessment carried out.
- 3.2 Equality Impact Assessment
- 3.2.1 Initial assessment carried out.

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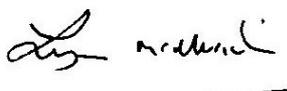
### **4. Implications**

- 4.1 Financial Impact
- 4.1.1 The financial impact of the project will continue to be monitored, with exceptions reported, as appropriate.
- 4.2 HR/Policy/Legislative Impact
- 4.2.1 The impact will continue to be monitored. All planned changes will be the subject of meaningful consultation with a view to reaching agreement.
- 4.3 Environmental Impact
- 4.3.1 There is no environmental impact.
- 4.4 Risk Impact
- 4.4.1 A thorough and robust risk assessment has been carried out for the overall project and individual workstreams. Areas of concern will be reported to the Programme Board as necessary.

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### **5. Measures of success**

- 5.1 Delivery of an approach with optimum flexibility and services fully aligned and integrated within the Plan for North Lanarkshire and within the available budget envelope.
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**Lizanne McMurrich**  
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