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## AGENDA

**Committee** ECONOMY & CULTURE SCRUTINY COMMITTEE

**Date and Time of Meeting** THURSDAY, 21 JULY 2016, 4.30 PM

**Venue** COMMITTEE ROOM 4 - COUNTY HALL

**Membership** Councillor McKerlich (Chair)  
Councillors Dilwar Ali, Howells, Hyde, Javed, Stubbs and Simmons

*Time approx.*

**1 Apologies for Absence** 4.30 pm

**2 Declarations of Interest**

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

**3 Cardiff Business Improvement District (Pages 1 - 56)** 4.35 pm

(a) The Leader, Councillor Phil Bale and Councillor Peter Bradbury (Cabinet Member – Community Development, Co-operatives & Social Enterprise will be invited to make a brief statement;

(b) Neil Hanratty (Director – Economic Development) will be in attendance to provide a presentation and to answer Member's questions; and

(c) Questions from Committee Members.

**4 Leisure Centre Management Alternative Delivery Model (Pages 57 - 294)** 5.00 pm

(1) Statements and Presentation (excluding confidential business)

(a) Councillor Peter Bradbury (Cabinet Member – Community Development, Co-operatives & Social Enterprise will be invited to make a brief statement;

- (b) Andrew Gregory (Director – City Operations) will be accompanied by officers from Leisure Services, Procurement, Legal Services and HR to provide Members with the presentation and answer Member’s questions;
- (c) Trade Union representatives will be invited to provide their views;
- (d) Questions from Committee Members;

(2) **EXCLUSION OF THE PUBLIC**

**Appendix B to this report is confidential and not for publication by virtue of paragraph 14 of Part 4, and paragraph 21 of Part 5 of Schedule 12A, Local Government Act 1972 (as amended).**

**The public will be excluded from the meeting for consideration of information contained in Appendix B.**

(3) Statements and Briefing (on confidential information)

- (e) Councillor Peter Bradbury (Cabinet Member – Community Development, Co-operatives & Social Enterprise will be invited to make a brief statement;
- (f) Andrew Gregory (Director – City Operations) will be accompanied by officers from Leisure Services, Procurement, Legal Services and HR to answer Member’s questions;
- (g) Questions from Committee Members.

**5 Work Programme 2016 -17 (Pages 295 - 314) 6.30 pm**

To discuss and agree priorities for Committee’s 2016/17 Work Programme.

**6 Way Forward 6.55 pm**

**7 Date of next meeting**

The next meeting of the Economy & Culture Scrutiny Committee is Thursday 8 September 2016 at 4.30 in Committee Room 4.

**David Marr**

**Interim Monitoring Officer**

Date: Friday, 15 July 2016

Contact: Andrea Redmond, 029 2087 2434, a.redmond@cardiff.gov.uk

**CITY AND COUNTY OF CARDIFF  
DINAS A SIR CAERDYDD**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 JULY 2016**

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**CARDIFF BUSINESS IMPROVEMENT DISTRICT – PRE DECISION SCRUTINY**

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**Purpose of report**

1. To prepare Members for the pre-decision scrutiny of proposals for Cardiff's Business Improvement District following a positive outcome from the ballot held in June 2016. A report on this matter is due to be taken to Cabinet on 27 July 2016, and the Committee will have the opportunity to provide their views and comments to inform this Cabinet report.

**Background**

2. Business Improvement Districts (BIDs) are business led partnerships, created through a ballot process to deliver additional services for local businesses with a dedicated budget. BIDs have a defined geographical area in which a levy is charged on all business rate payers in addition to their business rates bill. BIDs are typically run as not for profit companies and are controlled by the businesses that fund them. There is no limit on what projects or services can be provided through a Business Improvement District.
3. The Economy and Culture Scrutiny Committee has monitored the progress in developing a Cardiff BID during both its 2014/15 and 2015/16 work programmes, having expressed support for the concept being introduced in Cardiff in January 2014. Further information on previous scrutiny can be found below from paragraph 15.

4. There are currently eight BIDs in Wales covering areas in Swansea, Merthyr Tydfil, Newport, Bangor, Caernarfon, Colwyn Bay, Neath and Llanelli. There are over 200 BIDs established across the UK, and Cardiff is the only Core City in England and Wales not to have established a BID.

## **BID Ballot**

5. On 4 July 2016 it was announced that businesses in Cardiff had voted in favour of establishing a Business Improvement District in Cardiff city centre. The full press release can be found attached at **Appendix 1**. The results showed that 84% of those businesses who voted were in favour of the BID.
6. The postal BID Ballot was organised by the independent Electoral Reform Services and ran for 28 days ending on 30 June 2016. Ballot papers were sent out to all eligible voters within the City Centre BID area.

## **Draft Cabinet Report**

7. Following the positive outcome of the BID Ballot, a report is due to be taken to Cabinet on Wednesday 27 July 2016. This is attached at **Appendix 2**. This report makes the following recommendations:

*The Cabinet is recommended to:*

- a) *Delegate authority to the Director of Economic Development, in consultation with the Leader of the Council, the Chief Executive, the Section 151 Officer and the Monitoring Officer to conclude a Service Level Agreement with relation to City Centre Management on the basis of the draft agreement set out in Appendix A.*
- b) *Give delegated authority to the Section 151 Officer in consultation with the Leader of the Council, the Chief Executive, the Director of Economic Development and the Monitoring Officer to approve an advance to the BID company on the basis that any advance would be repaid through levy*

*collection and paid within the current financial year and based on the principles established in this report.*

*c) Nominate the Leader of the Council, in addition to the Director of Economic Development as BID Board Members*

8. Paragraphs 6 – 29 cover key information with regard to City Centre Management arrangements. Members may wish to note the following excerpts:

*“[...] it is proposed that the current City Centre Management arrangements are aligned with the proposed BID.” (para 8)*

*“In ensuring alignment of resources it is proposed that a Service Level Agreement is developed between Cardiff Council and the Business Improvement District whereby the BID management is able to utilise the resources of the City Centre Management team on the basis that current levels of service provision within the city centre are maintained.” (para 9)*

*“Such an approach would provide significant benefits both strategically and operationally. One of the key strategic aspects is the ability to align resources within the city centre. [...] It is important to note that this does not mean the Council looking to understand how the BID can support its priorities, rather how all partners can collaborate to achieve mutually beneficial goals.” (para 10)*

*“The approach will also provide a basis for resident engagement in the BID through the City Centre Management team that can represent wider resident interests across the city centre.” (para 11)*

*“Under the proposed approach staff employed in City Centre Management would remain employed by the City of Cardiff Council.” (para 13)*

*“Strategically there would be a commitment to maintain current levels of services provision of the City Centre Management Team, unless otherwise agreed with the BID Board. Such an approach would mean that the BID Board would be able to*

*influence how the City Centre Management Team allocates its overall resources, whilst overall control would remain with the City of Cardiff Council.” (para 15)*

*“It is also critical to note that the BID cannot be used to replace Council services. Rather, it should be considered a means of supporting improvement in the city centre through a partnership based approach.” (para 17)*

9. A draft Service Level Agreement (SLA) has been produced, and can be found at **Appendix A** of the Draft Cabinet Report. This sets out the current level of service provision and a commitment to maintain this and current allocation of funding. This SLA also sets out governance; working arrangements; reporting arrangements and a commitment to review the SLA on an annual basis until the end of the BID term.
10. Paragraph 22 of the Draft Cabinet Report outlines a significant number of activities that will yield improved outcomes through collaboration between the BID and Cardiff City Centre Management Team. The BID Business Plan referred to can be found attached at **Appendix 2C**.

### **Night Time Levy**

11. A report taken to Cabinet on 15 May 2016 included the following recommendation:

*To note the proposal to exempt BID levy paying members from Late Night Levy (should the Council choose to introduce it in the future) on the basis that the Business Improvement District will allocate a sum equal to or greater than the figure that would be collected from the imposition of a Late Night Levy.<sup>1</sup>*

12. This approach is again supported within the Draft Cabinet Report to be taken on 27 July 2016. Paragraphs 23 – 27 outline how many cities of a comparable size

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<sup>1</sup> <http://cardiff.moderngov.co.uk/documents/s10345/Item%202.pdf>

and nature to Cardiff have rejected the need for a Late Night Levy, or indeed plan to scrap their levy if and when approval for a BID is achieved.

## **BID Support**

13. It is proposed in paragraphs 30 – 35 of the Draft Cabinet Report, that Cardiff Council provide the BID company with upfront funding, allowing delivery of projects to commence at the earliest possible stage. The Council will be the organisation responsible for collection the BID levy, and the upfront sum provided will be retained as future collections are made.

## **Board Nomination**

14. Members may wish to note the following points made in paragraphs 36 – 38 of the Draft Cabinet Report:

*“At the Cabinet Meeting of Thursday, 19th May, 2016 it was resolved that should a yes vote be achieved, the Director of Economic Development be nominated as the Council representative to the board of the BID Company. (para 36)*

*“However a review of BID Boards of other UK cities highlighted the need for elected member representation. In many cases the Leader or lead Cabinet Member for economic development is often provided with a place on the board, albeit with the restriction that local Government can have a maximum of 20% of the total votes available on the board. (para 37)*

*“It is therefore proposed that the Council would nominate the Leader of the Council in addition to the Director of Economic Development for places on the board of the BID. The BID Business Plan current allocates two places for public sector representation, in line with guidance that the BID Board established reflects a broad reflection of the city centre’s businesses and organisations.” (para 38)*

## Previous Scrutiny – Items to Committee

15. In January 2014, the Economy and Culture Scrutiny Committee considered an item on future arrangements for City Centre Management in Cardiff. This item included significant focus on the creation of a city centre BID. In their letter to the Cabinet Member – Finance and Economic Development, the following information was noted:

- *“Members were convinced of the potential benefits of a BID, and aware of views recently expressed to them by local small business entrepreneurs that they would like to have some control over how their investment in the city centre was spent.*
- *“Officers managed to assuage the concerns of Members that small enterprises could find themselves led by medium and large sized firms like St David’s and John Lewis to develop a BID that was more designed for the needs of large businesses than for smaller business owners. Members were informed that evidence from England shows that the numerical majority of small businesses in city centre environments requires local authorities to carefully canvas and represent their interests, or the 50% quorum on voting for a BID might not be achieved”.*

16. The section of the minutes of this Committee’s December 2014 meeting that relate to Quarter 2 Performance of the Economic Development Directorate note that Members were informed that the bid to the Welsh Government for Business Improvement District funding had been unsuccessful. An “invest to save” bid for Council funding was being prepared to enable the BID process to continue.

17. The minutes of the Committee’s March 2015 meeting note that Members were informed that funding had been secured internally to progress a BID. The Council would procure advisors to scope and take a proposed BID to ballot in the New Year. The letter written to the Leader following this meeting states:



*“The Committee welcomes the news that the proposed Business Improvement District (BID) is being progressed via internal sources of funding and that a partner has been appointed to help assist the Council in carrying out the necessary work to progress a BID for Cardiff. [...] We hope the BID will gain the support of the business community in Cardiff and look forward to receiving future updates on this matter”.*

18. The response from the Leader, received on 28 April 2015, informed Members that work had begun with the appointed consultants in establishing a BID in Cardiff and that the process was likely to take around 12 months until completion.

19. Members of the Committee again touched on the Business Improvement District in their scrutiny of Quarter 4 performance in May 2015. Members wrote to the Leader to note:

*“While we have slight frustration that there has not been more progress this year, we are pleased that consultants have been appointed with a view to undertaking a ballot by the end of 2015. We will continue to monitor progress in this area in future meetings and look forward to receiving a more substantial item on plans for the way forward should the ballot find in favour of establishing a Business Improvement District in Cardiff”.*

20. The response from the Leader, received on 30 July 2015, stated:

*“With regard to the development of a business improvement district, work is already underway, and a task group has been formed of local businesses to progress the proposal. If it is deemed suitable the appointed consultants would be able to present to scrutiny at a future date to outline the processes and next steps. It is important that we appreciate that this is very much a business led initiative, but clearly there is a role for the local authority in supporting a business improvement district”.*

21. In September 2015, the Economy and Culture Scrutiny Committee considered an item on the progress made with regard to the BID, the work undertaken with

businesses and to outline the proposed area for a Cardiff BID. Members noted the following:

*“Committee welcomed the demonstration of tangible benefits of a Cardiff Business Improvement District (BID). The Committee expressed its support for the work and its hope that a vote in favour of the introduction of a BID in Cardiff is achieved.*”

*“The Committee noted reservations with regard to the potential impact on businesses that fall outside the Business Improvement District area, the impact on advertising citywide events and on residents who live in the city centre.”*

22. In May 2016, the Economy and Culture Scrutiny Committee undertook a pre decision scrutiny item prior to the commencement of the BID ballot. Members wrote to the Leader to note:

*“Members are encouraged that the report makes a commitment to establish formal links with resident groups on City Centre Management issues, and to update the relevant local Councillors on any issues that will impact on their constituents.*”

*“Members were pleased that significant amounts of money were to be allocated from the BID to night-time initiatives, and that this was a very positive step toward addressing the issues in the city centre at night,*

*“Members did however note that they were not convinced that all drinking establishments should be exempt from an additional Late Night Levy if they are also members of the BID.”*

### **Previous Scrutiny – Task and Finish Inquiries**

23. In January 2014 the Economy and Culture Scrutiny Committee completed its Task and Finish Inquiry into *Small Business*. As part of this inquiry Members met with local business owners to discuss a range of topics, including the idea of

introducing a BID in Cardiff. The following recommendation was made to the Cabinet as part of this report:

*R15. Consider developing more than one Business Improvement District in Cardiff, to spread the benefits evenly across Cardiff's business sectors and neighbourhoods.*

24. The Cabinet response to this Inquiry report was formally received by the Economy and Culture Scrutiny Committee at their 8 January 2015 meeting. This response stated that the above recommendation was partially accepted. The following narrative was included:

*“The Council is, [...], currently in the process of seeking ‘invest to save’ funding to help support the development of a Business Improvement District.*

*“The intention is to focus initial activities on the city-centre as this is where the scheme will potentially have the biggest impact and generate a significant budget. If this is successful, the intention would be to look at other key retail centres in neighbourhoods”.*

25. The Economy and Culture Scrutiny Committee undertook a further Task and Finish Inquiry – *Cardiff Central Market and Historic Arcades* – which reported its findings in October 2014. A survey of shop owners within the market and historic arcades was undertaken as part of this inquiry, which included questions regarding their awareness and support for a Cardiff BID. The following is an extract from the report submitted to Cabinet:

- *“The overwhelming majority of traders indicated they did not know about these proposals, with 83% of market trader respondents and 93% of arcade shop owner respondents stating they did not know about these plans. It can be seen that some traders would be willing to support a BID, but many stated that they need more information in order to make a decision.*

- *“Members also took the opportunity to discuss the development of a city centre BID with the facility managers off the respective arcades. The representative of the Morgan Quarter arcades indicated that he can see how a BID would work in Cardiff but felt it would be hard to get shop owners on board with it, particularly where it involves paying an additional fee on top of service charges, business rates and rent.*
- *“The benefits to a BID would have to be sold and clearly defined to business owners before they are likely to agree. This was a view also given by the owner of Rules of Play, who stated that they could work in Cardiff, as they do in Swansea, but it would be a difficult concept to sell to traders, and it would need to be clear whether it was the individual trader or the landlord who would get decision making powers”.*

#### **Other Committees – BID related Scrutiny**

26. The Council’s Community and Adult Services Scrutiny Committee produced a number of BID-related recommendations as part of its inquiry *“How to reduce Crime and Disorder in the Night Time Economy in a time of austerity”*. The following recommendations were made:

*“R6. As part of identifying and securing sustainable funding for the essential mechanisms that work in Cardiff, task officers to implement a Late Night Levy, with a legal agreement between Cardiff Council and the South Wales Police and Crime Commissioner to make it transparent that the monies raised by the Levy will be spent in Cardiff on tackling Night Time Economy crime and disorder issues.*

*“R7. Task officers to ensure that all relevant sections of the Council involved in managing the Night Time Economy are involved in the conversations to develop and implement the Cardiff Business Improvement District.*

*“R8. Continue to have strong and constructive conversations with the Cardiff Business Improvement District working group to ensure Night Time Economy issues are kept on the table so that proposals to add to and enhance service provision to tackle these issues appear in the final business case.*

*“R9. Clearly acknowledge that the Cardiff Business Improvement District will not pay for existing Night Time Economy services, including those to tackle crime and disorder”.*

## **Way Forward**

27. The Council Leader, Councillor Phil Bale, and Councillor Peter Bradbury (Cabinet Member – Community Development, Co-operatives & Social Enterprise) have been invited to the meeting and may wish to give a statement. Neil Hanratty (Director of Economic Development) will be also be present and will provide a presentation to Members.

## **Legal Implications**

28. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken

having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

29. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

### **Recommendation**

The Committee is recommended to:

- a. Consider the contents of the report, appendices and evidence presented at the meeting.
- b. Report any comments, observations or recommendations to the appropriate Cabinet Member.

**David Marr**

**Interim Monitoring Officer**

**15 July 2016**

## FOR IMMEDIATE RELEASE

**Date: 4th July 2016**

### **Cardiff businesses vote ‘YES’ to a Business Improvement District (BID)**

Cardiff businesses have given their backing and voted ‘YES’ and in favour of setting up a Business Improvement District (BID) for the city centre. The BID will see businesses investing £7.5m over five years in making the city more vibrant, and welcoming, and giving business a stronger influence on how the city centre is managed.

Results announced by Electoral Reform Services on Friday 1<sup>st</sup> July showed that 84% of those businesses who voted were in favour of the BID. The vote gives the go-ahead for the BID to take forward its five year Business Plan to drive investment in the City Centre and give local businesses a greater say in the way it is marketed, maintained and managed. The BID will deliver £7.5 million of investment in the area over the next five years and will come into operation before the end of the year.

Cardiff is one of a handful of UK cities currently without its own BID, yet it has the potential to become one of the largest BID areas in the country representing over 900 businesses. The business plan explains how the BID will focus on encouraging people to visit the city centre more often, staying longer and investing more in the local economy. There are three key themes set out in the business plan - making the city centre more Welcoming; Vibrant; and Influential. The Plan will work for all business sectors to enhance the overall experience for city centre as a place to visit, study, meet work and invest.

Simon Phillips, Chair of the Cardiff BID Task Group and manager of Marks and Spencer said: *“This is a strong vote of confidence from all types of businesses who trade here and who clearly see the city’s potential for change. The investment from local businesses will be used to improve our area, contribute towards a more successful and profitable future, making the city centre a better place for customers, employees, visitors and businesses alike”.*

Owen Davies, BID Development Manager added *“For the last year businesses have been working incredibly hard to understand business concerns and priorities, and to make sure that the BID proposal demonstrated it would make a significant difference to the local economy. On behalf of the Cardiff BID Task Group, I would like to thank all Cardiff City Centre businesses and stakeholders in the city for their support throughout this process and for backing the BID. Our focus now is very clearly on putting all the arrangements in place for the start of the BID company and on delivering the Business Plan proposal, which businesses have helped design.”*

The confidential, postal BID Ballot was run for 28 days ending on 30<sup>th</sup> June. Organised by the independent Electoral Reform Services (ERS), the BID ballot papers were sent out to eligible voters in the City Centre BID area. **Page 13**

Detailed figures for the vote were as follows:

Yes by Number: 277

Yes by Rateable Value: £52.8m

A majority in terms of votes cast and rateable value is legally required for a BID to be voted in.

Businesses can find further information by following [www.cardiffbid.com](http://www.cardiffbid.com) or by emailing the BID project manager [owen@themosaicpartnership.co.uk](mailto:owen@themosaicpartnership.co.uk).

### **Notes to Editor:**

1. The Business Improvement Districts (BIDs) legislation enables traders and business owners to work with their local statutory agencies to look at improvements their area may need. They then develop a plan of improvements that are additional to statutory service provision. This plan is costed and then put to a vote. If the vote is successful each business involved in the BID area will be required to pay a BID levy for the five years of the plan.
2. The activities included in a BID plan are based on needs and priorities identified by businesses and elsewhere have included, for example, events, joint marketing/PR, collective procurement and physical improvements. The BID only supports activities that are additional to statutory responsibilities and is not intended to displace or substitute what the local authority/other agencies are already doing. Partner organisations can support the BID by providing financial contributions and grants as well as services in kind.
3. For more information on the Cardiff BID please contact Owen Davies on 07809 594524 or email [owen@themosaicpartnership.co.uk](mailto:owen@themosaicpartnership.co.uk) or visit the website [www.cardiffbid.com](http://www.cardiffbid.com)



**CITY OF CARDIFF COUNCIL  
CYNGOR DINAS CAERDYDD**

**CABINET MEETING: 27 JULY 2016**

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**CARDIFF BUSINESS IMPROVEMENT DISTRICT**

**REPORT OF DIRECTOR OF ECONOMIC DEVELOPMENT**

**AGENDA ITEM: 3**

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**PORTFOLIO:** Economic Development and Partnerships and Community Development, Co-operatives and Social Enterprise

**Reason for this Report**

1. To update Cabinet on the development of Cardiff Business Improvement District proposals in Cardiff.
2. To agree a position with regard to a Service Level Agreement for the City Centre Management Team.
3. To agree to advance of funding to support initial activities of the BID.
4. To agree nominations for BID Board.

**Background**

5. The Cardiff Business Improvement District report, taken to Cabinet on 15th May 2016 resolved to:

*Delegate authority to the Director of Economic Development, in consultation with the Leader of the Council, the Chief Executive, the Section 151 Officer and the Monitoring Officer to conclude a Service Level Agreement with relation to City Centre Management and to bring any agreement to Cabinet for approval.*

*Give delegated authority to the Section 151 Officer in consultation with the Leader of the Council, the Chief Executive, the Director of Economic Development and the Monitoring Officer to negotiate an advance to the BID company should the ballot be successful, and on the basis that any advance would be repaid through levy collection and paid within the current financial year and so that any proposed payment would be brought to a future Cabinet meeting for approval.*

## *City Centre Management*

6. Cardiff city centre is the commercial, retail and visitor heart of the Cardiff city-region and plays a vital role in the life and economy of South Wales. The city centre has also seen an increase in residents living in the area in recent years and is now home to around 10,000 people. The management and promotion of the city centre is critical to the city's economic performance. A Business Improvement District (BID) is a mechanism that has been recognised as being successful in bringing local businesses and other stakeholders together with the aim of improving their trading environment and enhancing their profitability.
7. In the Cabinet Report of 29 January 2014 it was identified that pressure on resources suggests that a new approach is required to maximise the effectiveness of city centre management. It was proposed that bringing together the current partnership groups as well as other stakeholders would help to maximise the efficiency of the overall city centre management functions and deliver more for the collective resources of all partners.
8. The Business Improvement District provides an opportunity to bring together key stakeholders in the city centre to maximise efficiency of decision making. In light of this it is proposed that the current City Centre Management arrangements are aligned with the proposed BID.
9. In ensuring alignment of resources it is proposed that a Service Level Agreement is developed between Cardiff Council and the Business Improvement District whereby the BID management is able to utilise the resources of the City Centre Management team on the basis that current levels of service provision within the city centre are maintained.
10. Such an approach would provide significant benefits both strategically and operationally. One of the key strategic aspects is the ability to align resources within the city centre. This does not just refer to the potential £1.5m annually a BID levy could provide for the BID, but also, through the BID governance mechanism, how all partners within the city centre operate. It is important to note that this does not mean the Council looking to understand how the BID can support its priorities, rather how all partners can collaborate to achieve mutually beneficial goals.
11. The approach will also provide a basis for resident engagement in the BID through the City Centre Management team that can represent wider resident interests across the city centre.
12. There are also key operational benefits, arising from the potential to reduce duplication, but also other areas such as procurement where collaboration can drive down costs for business, the BID and the local authority. Clearly any Council involvement would be subject to appropriate procurement guidelines.
13. Under the proposed approach staff employed in City Centre Management would remain employed by the City of Cardiff Council.

Direct line management of City Centre Management staff would remain with the City of Cardiff Council, as would budgets and assets.

14. Day to day activities however would see the City Centre Manager work with alongside the BID Manager in allocating resources to tackle issues within the city centre.
15. Strategically there would be a commitment to maintain current levels of services provision of the City Centre Management Team, unless otherwise agreed with the BID Board. Such an approach would mean that the BID Board would be able to influence how the City Centre Management Team allocates its overall resources, whilst overall control would remain with the City of Cardiff Council. It is proposed that the resource responsibility with the City of Cardiff Council from this perspective would lie with the Head of Economic Development.
16. The flexibility to change resource allocation would also allow the BID Board to work with the City of Cardiff Council to ensure that the impact of current resources is maximised. This approach is also predicated on the basis that the BID Board will also have an advisory role for the Council in terms of its activities within the city centre.
17. It is also critical to note that the BID cannot be used to replace Council services. Rather, it should be considered a means of supporting improvement in the city centre through a partnership based approach.
18. This arrangement would be reviewed after the first year of operation.
19. This approach is typical of other areas where City Centre Management roles are heavily integrated with the appropriate Business Improvement District.
20. The approach, in developing a based partnership to support improvement in the city centre, would also support the Council's Co-operative Council aspiration, and brings together stakeholders to help manage and improve the city centre environment.
21. A draft Service Level Agreement is attached as Appendix A. This has been developed with MOSAIC who led the development of the BID proposal in Cardiff city centre. Given that a BID would only become a legal entity if a successful vote is achieved a final Service Level Agreement would need to be completed should a formal BID company be established.
22. Activities included within the BID Business Plan where greater collaboration with the City Centre Management Team would yield improved outcomes include:
  - Funding a dedicated cleansing and waste team to deal directly with business concerns; carry out tactical cleaning of frontages, doorways and hot spots that can quickly and efficiently target problem areas over and above those currently provided by the Council; and

responding to business call outs and report/liaise with the City of Cardiff Council.

- Work with the City of Cardiff Council to ensure their cleansing and collection schedules support the needs of the city centre businesses.
- Support a team of uniformed BID-branded Cardiff Ambassadors. This team will provide a warm welcome to the BID area and provide information for visitors and businesses.
- Investment in the management of the evening and night time economy, and strengthen business participation with crime reduction partnerships and support new or improved business crime management initiatives.
- Provide additional planting and lighting initiatives and help install floral displays to achieve a more attractive 'softer' environment across the whole of the BID area.
- Work with Cardiff Business Safe to continue to grow the existing RadioNet Scheme.
- Invest in city centre entertainment and provide additional funds to support existing events that boost business and establish new events in current quiet periods.
- Work with the Principality Stadium, Stadium Events Group, Cardiff Council and tourism partners to ensure businesses have an open and positive input to the bidding, planning and management phases of major events held across the city centre. The BID would help coordinate a cross sector business group to discuss securing major events and commitments towards value for money, timing, frequency, impact and promotion.
- Work in conjunction with other partners to build on and add value to the Christmas season in Cardiff city centre.
- Forge closer links between businesses, universities and colleges to build a greater understanding of how to create an exciting and appealing offer, to manage issues as they arise, and hopefully encourage more students to choose Cardiff and stay here once qualified.
- Work with businesses to establish a strong and viable evening economy that encourages people of all ages to stay in the city after work, or to visit the city more regularly in the evening.
- Working with the Council, transport and parking operators, the BID will seek to make it easier to access and to navigate around the city centre.
- Promote information about routes into the city.
- Support cyclists through improved secure facilities.
- Work with partners responsible for the place marketing and management of Cardiff and support a strategy to widen Cardiff's appeal to help promote to a wider audience beyond the immediate catchment area and into national and international markets. Key targets would be business tourism and conferences.

- Provide a collective voice for over 700 businesses and several sectors, and will communicate and negotiate with other key representative groups.
  - Undertake research in to the key issues that affect businesses and to help influence city decision-making.
  - Lobby the City of Cardiff Council and other regional agencies on behalf of BID businesses.
  - Provide a focus point for strengthening business networks, communications, incubating new ideas and collaboration between all city centre businesses regardless of sector.
  - Work with local authorities and economic development agencies to assist them with attracting local, national and international investors.
23. In addition to the references within the Summary Business Plan, the final BID Business Plan reinforced the commitment to supporting the Night Time Economy, including a specific commitment that:
- The BID will work closely with the Police and Cardiff Council to design the programme of investment for the evening and night time economy, this will include support for the creation of dedicated additional police resource to maintain and improve the safety of the City centre.*
24. In support of these arrangements it is proposed that The Cabinet Member for Skills, Safety and Engagement will task officers with developing an appropriate action plan for the Night Time Economy that will inform the programme for investment agreed for the BID agreed between the City of Cardiff Council and the Police.
25. The BID has already committed to will “Invest in managing the evening and night time economy, and strengthening business participation with crime reduction partnerships to a level equal or greater than the amount a Late Night Levy would have raised from the city centre” on the basis that a Late Night Levy is not introduced for city centre premises.
26. Such an approach is seen as prudent. There are currently seven levies in place across England, but there have been a significantly higher number of councils who have considered and rejected the introduction of a late night levy. These include cities similar in size and nature to Cardiff, such as Bristol, Leeds and most recently, Liverpool who, following an intensive consultation, rejected the need for a levy.
27. These Councils have determined that a BID scheme would provide a more targeted spending of funds and develop a more inclusive approach toward managing the night time economy. One of the Councils that adopted the levy, Cheltenham, has stated that should their current BID proposal be approved, they will scrap the levy. The levy in Cheltenham has raised £77,000 of an estimated £200,000 (39% of the estimate).
28. It is also proposed to invite the Chair of the BID to attend Cardiff Public Services Board meetings to ensure that firm links with the private sector

are maintained and improved upon in this regard, and to ensure future clarity.

29. More detail is available within the Business Plan attached as Appendix B.

#### *BID Support*

30. The City of Cardiff Council will be the organisation responsible for collecting the BID levy and subsequently will incur costs to administer the collection. The Council will charge the BID to cover the costs of these activities.
31. In order that the BID company can begin delivering projects it is proposed that a sum will be provided in advance of future payment of the Levy on the basis that this sum will be taken from future collections of the levy. This will enable the BID to begin delivering projects and services should the ballot be successful.
32. In the event that the ballot secures a decision to proceed, a non-profit BID company is to be established to oversee the delivery of the BID. The company will be fully resourced from the levy that it places on the BID area. The proposal indicates that the BID could generate around £1.5 million per annum based on a levy of 1%.
33. The business plan allocates over 83% of the first year's levy to deliver project activities and initiatives, 14% has been earmarked to meet the BID company's operating costs, with the balance (just under 3%) set aside to cover contingencies. The sums allocated to each heading may need to be flexed as part of the process to fine tune the business plan i.e. once the final rating list is agreed and BID levy rules have been determined.
34. In order that the BID company can deliver projects as set out in the BID Business Plan the BID director has requested that the Council agrees to provide the BID company with up front funding to ensure that the BID projects can start being delivered effectively from the earliest stage. As set out in paragraph 30 the Council will collect the BID levy payments and will transfer the amount collected to the BID company. It is intended that the Council will recover the amount provided to the BID company as an advanced payment by retaining the equivalent amount from the BID levy payments collected.
35. It is proposed that the Council would support in principal the advance payment to support activities subject to appropriate due diligence and following discussion with the BID Board should this be established.

#### *Board Nomination*

36. At the Cabinet Meeting of Thursday, 19th May, 2016 it was resolved that should a yes vote be achieved, the Director of Economic Development be nominated as the Council representative to the board of the BID company.

37. However a review of BID Boards of other UK cities highlighted the need for elected member representation. In many cases the Leader or lead Cabinet Member for economic development is often provided with a place on the board, albeit with the restriction that local Government can have a maximum of 20% of the total votes available on the board.
38. It is therefore proposed that the Council would nominate the Leader of the Council in addition to the Director of Economic Development for places on the board of the BID. The BID Business Plan current allocates two places for public sector representation, in line with guidance that the BID Board established reflects a broad reflection of the city centre's businesses and organisations.

### **Reason for Recommendations**

39. To propose a Service Level Agreement for the City Centre Management Team.
40. To establish the Council's position the support to be provided to the Business Improvement District.
41. To agree nominations for BID Board.

### **Financial Implications**

42. The draft Service Level Agreement attached Appendix A reflects the 2016/17 resources relating to the City Centre Management Team. Whilst the gross expenditure budgets total to £261,540, 98.8% of this amount (£258,500) is directly funded by income generated externally. The remaining 1.2% (£3,040) forms part of the Council's base budget.
43. The amounts referred to above are inclusive of the 2016/17 budget proposals put forward in respect of the City Centre Management Team. These include the need to generate an additional £45,000 of income (from street food events) and to identify an alternative delivery model in respect of the taxi marshalling service to meet savings totalling £122,000.
44. As outlined in the report, the responsibility for City Centre Management staff and budgets will be retained by the council under the direction of the Head of Economic Development. Any changes to the activities and/or levels of services currently planned for 2016/17 will need to be through a consensual agreement with the Council and be contained within existing resources. Given the significant reliance on externally generated income any agreement to deviate resources will need to consider the impact on the team's ability to generate the require levels of income to balance its budget.
45. The BID levy as collected by the Council, remains the property of the Council and is ring-fenced for the specific purpose of the BID. Therefore, once the details relating to the BID company have been finalised (including the business plan and financial management arrangements),

the Council will need to undertake a final review and satisfy itself that all the necessary arrangements are in place. The review will need to ensure that the governance structure is appropriate and robust accounting and reporting arrangements are in operation. The final business plan will need to demonstrate that income, expenditure and cashflow projections are in-line with the proposal and that VAT, taxation matters and audit requirements have all been factored in, as appropriate.

46. The level of any 'advance' that the Council may agree to will be assessed once the final business plan has been reviewed and the financial management arrangements are clearly understood. Central to the Council's decision will be the need to understand the cashflow implications associated with the early stages of the BID Company's incorporation and set-up. Any advance will be limited to the period prior to bid levy bills being raised and paid over to the BID Company, details of which will be set-out in the Operating Agreement that Council will enter into with BID Company. Any advance paid may be off-set against the Council's BID levy liability in respect of those Council hereditaments falling within the approved scheme.

### **Legal Implications**

47. The establishment of a Business Improvement District is to be conducted in accordance with the Business Improvement Districts (Wales) Regulations 2005

### **RECOMMENDATIONS**

The Cabinet is recommended to:

- a) Delegate authority to the Director of Economic Development, in consultation with the Leader of the Council, the Chief Executive, the Section 151 Officer and the Monitoring Officer to conclude a Service Level Agreement with relation to City Centre Management on the basis of the draft agreement set out in Appendix A.
- b) Give delegated authority to the Section 151 Officer in consultation with the Leader of the Council, the Chief Executive, the Director of Economic Development and the Monitoring Officer to approve an advance to the BID company on the basis that any advance would be repaid through levy collection and paid within the current financial year and based on the principles established in this report.
- c) Nominate the Leader of the Council in addition to the Director of Economic Development as BID Board Members.

**NEIL HANRATTY**  
**DIRECTOR OF ECONOMIC DEVELOPMENT**  
**27 JULY 2016**



*The following appendices are attached:*

*Appendix A: City Centre Management SLA*  
*Appendix B: BID Board Representation*  
*Appendix C: BID Business Plan*

DRAFT

## APPENDIX A

### **City Centre Management Draft Service Level Agreement**

The Business Improvement District (BID) provides an opportunity to bring together key stakeholders in the city centre to maximise efficiency of decision making and to co-ordinate delivery. In light of this it is proposed that the Council's current City Centre Management arrangements are aligned with the BID company.

It is therefore proposed that a Service Level Agreement is developed between the City of Cardiff Council and the Business Improvement District company whereby the management team put in place by the BID company is able to utilise the resources of the City Centre Management team on the basis that current levels of service provision within the Council are maintained. Under such an approach staff employed in City Centre Management team would remain employed by the City of Cardiff Council. This arrangement would be reviewed after the first year of operation.

#### **Current Council Service Provision**

The Economic Development directorate budget for City Centre Management for 2016/17 is £261,540. Of this, £86,000 is allocated for employee expenditure. The service is financed from externally generated income and a small Council contribution.

#### **Current Level of Service Provision**

<b>Number of Staff &amp; Equipment</b>	<b>Monday to Friday</b>	<b>Saturday &amp; Sunday</b>
	1x City Centre Manager 1x City Centre Administrator 3 x Buggies 1 x Mobility Driver	1x Mobilty Driver 7 x Taxi Ambassadors (PT)
<b>Specification</b>	The City Centre Management team is responsible for managing both the day time economy and the night time economy in the city centre, including: <ul style="list-style-type: none"><li>• Revenue generation via activity sites &amp; street dressing</li><li>• Environmental management</li><li>• Traffic management</li><li>• Security</li><li>• EVAC</li><li>• Partnership working – retailers/local business/stadium/police/private and public sector</li></ul>	
<b>Boundary Area</b>	The City Centre boundary is: East - Newport Road West - River Taff (Stadium) North – City Hall South – Callaghan Square	

## Service Provision

The current level of service provision will be maintained, met by income generated by the City Centre Management team. The Economic Development directorate will commit to its current allocation of funding, whilst also setting income targets for the City Centre Management team within the scope of retaining current levels of service provision.

## Changes to Service Provision

Should there be a requirement for changes to service provision, these will need to be agreed by the Head of Economic Development and the BID Board in order to ensure appropriate allocation of resources. This means that the overall allocation of resources between the strands of work identified in the table above can be altered through a consensual agreement between the City of Cardiff Council and the Cardiff Business Improvement District.

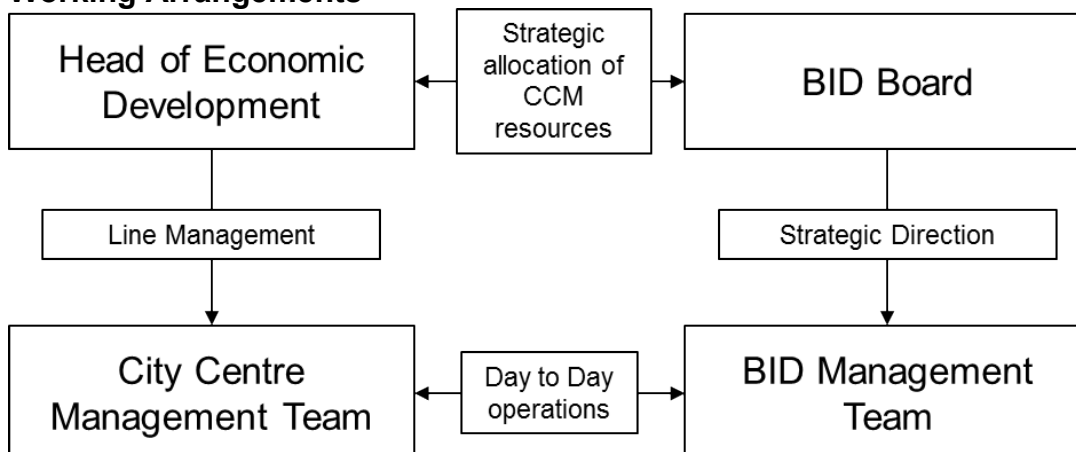
## Governance

The Head of Economic Development will remain the manager of the City Centre Management team, and the line manager of the City Centre Manager. Day-to-day activities however will see the City Centre Manager work collaboratively with the BID management team in identifying and addressing City Centre operational issues. This will include allocation of resources in relation to:

- Street dressing
- Environmental management
- Traffic management
- Security

This means that for day to day operational issues resources can be adjusted according to the needs of the Business Improvement District. Any changes to the overall levels of service provision will require the joint agreement of the Head of Economic Development and the BID board. The aim of this arrangement is to ensure that the operational work of the City Centre Management team is aligned with that of the BID management team.

## Working Arrangements



## **Operational Issues**

In order to facilitate a close and aligned working relationship the City Centre Management team and the BID management team will be co-located, and the City Centre Manager will report to the BID Director on a day to day basis.

## **Period of Agreement**

The SLA will be reviewed on an annual basis, and will conclude at the end of the BID term.

## **Reporting**

The Head of Economic Development will attend BID Board Meetings as an observer to reflect line management responsibilities with respect to the City Centre Management team.

## **Obligations**

The City Centre Management team will be expected to deliver their obligations as established in the baseline report unless otherwise agreed with the BID board.

In establishing the SLA the BID will be expected to deliver against its Business Plan unless otherwise agreed with the Director of Economic Development.

BID Board Council Representation

*Core Cities*

**Birmingham** – Westside BID includes two directors who are councillors.

**Bristol** – Broadmead BID includes a council project manager.

**Leeds** – One Cabinet Member who is a board member.

**Liverpool** – Two Cabinet Members and one officer represents the two BID companies.

**Manchester** – The Heart of MCR BID is run by CityCo. The board of CityCo includes as directors two Manchester City Cabinet Members, one Salford City Cabinet Members and Two Manchester City officers.

**Newcastle** – the BID here is managed by NE1, which includes a two city councillors plus the chief executive on the board as Non-Executive Directors.

**Nottingham** – Business Led Board.

**Sheffield** – The board includes Deputy Leader & Cabinet Member for Business, Skills & Development, Sheffield City Council; and Director of Business Strategy and Regulation, Sheffield City Council).

*Selected Wales BIDs*

**Swansea** – BID Board includes two Cabinet Members.

**Merthyr Tydfil** – BID Board includes Cabinet Member.

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EVEN BETTER TO VISIT, MEET, STUDY, WORK AND INVEST.



BUSINESS  
IMPROVEMENT  
DISTRICT  
ARDAL GWELLA BUSNES

Vote **YES** to secure five years of new investment in Cardiff City Centre. ▶

2016-2021

BUSINESS PLAN

WELCOMING

VIBRANT

INFLUENTIAL

# LOOK OUT FOR YOUR BALLOT PAPER AND **VOTE YES** FOR CARDIFF BID



The BID Postal Ballot will take place between 2nd June and 30th June 2016. Your signed ballot must reach Electoral Reform Services by 5pm on 30th June.

Electoral Reform Services are the independent ballot organisers. Businesses occupying more than one eligible property will be sent more than one ballot paper - one ballot paper per property. Please use all your votes. Don't waste them.

The ballot will be carried out via post. Voting by proxy is available.

If you lose your ballot paper replacements can be issued. Please get in touch with The Cardiff BID team immediately you realise you need a replacement.

## MEET THE CARDIFF BID TASK GROUP

The Task Group is a representative group of businesses that volunteered to work towards preparing the business plan and the ballot.



**Simon Phillips**  
Marks & Spencer  
& Task Group  
Chair



**Marie Fagan**  
Hilton Hotel/  
Cardiff Hoteliers  
Association &  
Task Group Vice  
Chair



**Cliff Vanstone**  
John Lewis



**Natasha Williams**  
S.A. Brain



**Nick Newman**  
Brewhouse/  
Cardiff Licensees  
Forum



**Bruno Nunes**  
Peppermint Bar/  
Independent  
Business



**Phil Sheeran**  
Motorpoint Arena



**Steven Salamon**  
Wally's Deli/  
Independent  
Business



**Richard White**  
Boots



**Stephen Widnall**  
Rightacres  
Property Co Ltd



**Ken Poole**  
City of Cardiff  
Council



**Paul Williams**  
City Centre  
Manager



**Nigel Griffiths**  
Chief Inspector  
South Wales  
Police



**Stephen Madeley**  
St David's Dewi  
Sant



**Andrew Phillips**  
Savills /Castle  
Quarter



**Neil Wicks**  
National Museum  
Cardiff



## WHY VOTE YES?

### From the Task Group Chair

I am delighted to be able to introduce this Business Plan for the Cardiff Business Improvement District (BID). The Plan is the result of extensive engagement and consultation with Cardiff businesses. A Task Team made up of local business representatives has been working hard, using the business feedback, to create objectives, projects, budgets and potential governance structures for a Cardiff BID. The time is right for a Business Improvement District in Cardiff city centre and we hope you take the time to read through the plan and support the ideas it includes. Cardiff is one of the last remaining UK cities without a BID and whilst our city centre is performing well, our competitors are adopting BID's to become more organised and are investing significantly in making their city centres great places to visit, meet, study, work and invest. Surely that is a vision that benefits the Capital City?



The BID is a great way to develop and manage the environment in which we all operate, providing business leadership for an area and acting as a stimulus for visible improvements, but importantly it also provides a united voice of influence and opinion.

The Cardiff BID will provide the opportunity for us to self-fund projects, for the benefit of all businesses in the area through tackling specific local issues and thereby enhancing the overall experience for visitors, shoppers and workers alike.

Businesses have said the BID should focus on encouraging people to visit more often, stay longer and invest more in the city centre. We hope you agree, and will join us by voting **YES** for Cardiff BID.

**SIMON PHILLIPS**  
Marks & Spencer

**A CARDIFF BID COULD MEAN £7.5 MILLION  
BEING RAISED BY BUSINESSES AND IS...**



**INVESTED BY YOU**

**MANAGED BY YOU**

**BENEFITTING YOU**

Cardiff BID will focus on making the city centre more Welcoming, Vibrant and giving you more Influence on how it's managed and improved.

Cardiff BID is about all city centre businesses including Retail, Office, Leisure, Professional Services, Culture, Education and Tourism.

By working together the Cardiff BID will make it a better place to visit, meet, study, work and invest.

**A BID TO FOCUS ON ENCOURAGING PEOPLE TO  
VISIT MORE OFTEN, STAY LONGER AND INVEST  
IN THE CITY CENTRE.**

## WHAT IS A BUSINESS IMPROVEMENT DISTRICT (BID)?

A BID is a **business-led initiative** supported by government legislation, which gives local business the power to get together, decide what improvements they want to make in their city centre, how they will manage these and what it will cost them. BIDs have the power to raise and spend funds locally, with the sole aim of improving their trading environment.

BIDs have a maximum term of 5 years, which gives them a good length of time for businesses to feel the benefit of the services and projects delivered by the BID. BIDs deliver services and projects that are always in addition to those provided by the public agencies including Cardiff Council and the Police.

BIDs are usually run by not for profit companies and are **controlled by the businesses that fund them**. They are run as a private sector organisation with a business mind-set.

A BID can only be formed following extensive consultation with businesses. The ideas from the consultation are included in a business plan. A postal ballot is then carried out giving each eligible business the opportunity to **vote for the implementation of the BID Business Plan**. Since the legislation was introduced in the UK in 2004 nearly 200 BIDs have been formed, in locations including Belfast, Birmingham, Bristol, Leeds, Liverpool, Nottingham, Sheffield, Edinburgh and over 50 in London.



**NATASHA WILLIAMS**  
S.A. Brain

“ Cardiff embracing the BID would be a great step forward in securing a collective responsibility for improving our fantastic city.”

VOTE  
✓ YES

▶ BIDs operate for 5 years. Throughout the term they **are accountable to their levy-paying businesses** and must demonstrate how they make a difference. After 5 years, a re-ballot must be held to enable the BID to continue.

In order for a BID to be established, a ballot of all eligible businesses in the BID area is held. For the ballot to be successful, conditions must be met:

1. Over 50% of businesses that vote, must vote in favour of the BID.
2. Of the businesses that vote, those voting yes must represent a greater total rateable value than those who vote no.

The **BID levy will be mandatory** for all liable businesses in the BID area regardless of whether they chose to vote. If the BID is established, it will not be possible for a business to 'opt out'.

▶ UK experience shows how after 5 years, nine out of ten BIDs continue following a second vote, usually with a higher turnout and a stronger mandate. This demonstrates the power of BIDs and how they are regarded by the businesses that fund them.

### AM I ELIGIBLE TO VOTE?



All businesses with a rateable value of £25,000 or more are eligible to vote in the ballot. Exempt businesses below this level are not eligible to vote but may opt to make a voluntary contribution and receive the same benefits.

## WHY DOES CARDIFF NEED A BID?

Cardiff city centre is compact, vibrant, cosmopolitan, and great value for money. Cardiff is also one of the UK's fastest growing cities, with a rising population, new development and investment. It has been named as one of the best shopping destinations in the UK, hosts' brilliant major events that draw people from all over the UK and abroad, and is already one of the most liveable capital cities in Europe. So why does Cardiff city centre need a BID?

The city centre is performing well but if Cardiff aspires to continue to be amongst the best it needs to improve and become an even better place for all people to visit, meet, study, work and invest. A key part of making this happen is a "Yes" vote for Cardiff BID.

Cardiff continues to be rejuvenated; with major new developments, infrastructure and investment, yet public sector cuts and reduced spending are an ongoing challenge, one faced by every UK city. A BID is a key piece in the jigsaw, which opens the door for all business sectors (retail, leisure, office, entertainment, culture) to work together with the public sector to create a meaningful resource and have a greater say in making change happen – to make the best of what we have already and invest in improvements.

Cardiff is one of the few remaining UK cities not to have established a BID, and our neighbours and competitors are already benefiting from businesses taking that leap to invest in their own future and are now reaping the rewards.

■ ■ **Cardiff has a long tradition of excellent independent businesses and the Cardiff BID is playing a key role in supporting this. The Cardiff independents fund will enable us to showcase exactly what it is that makes our businesses unique and allows Cardiff as a city to shout about the variety and quality of its independent offer. The high proportion of high quality independents in Cardiff makes it an exceptional city. The Cardiff BID is committed to recognizing, celebrating and supporting our vital contribution to the local economy. ”**

**STEVE BARKER**  
Coffee Barker

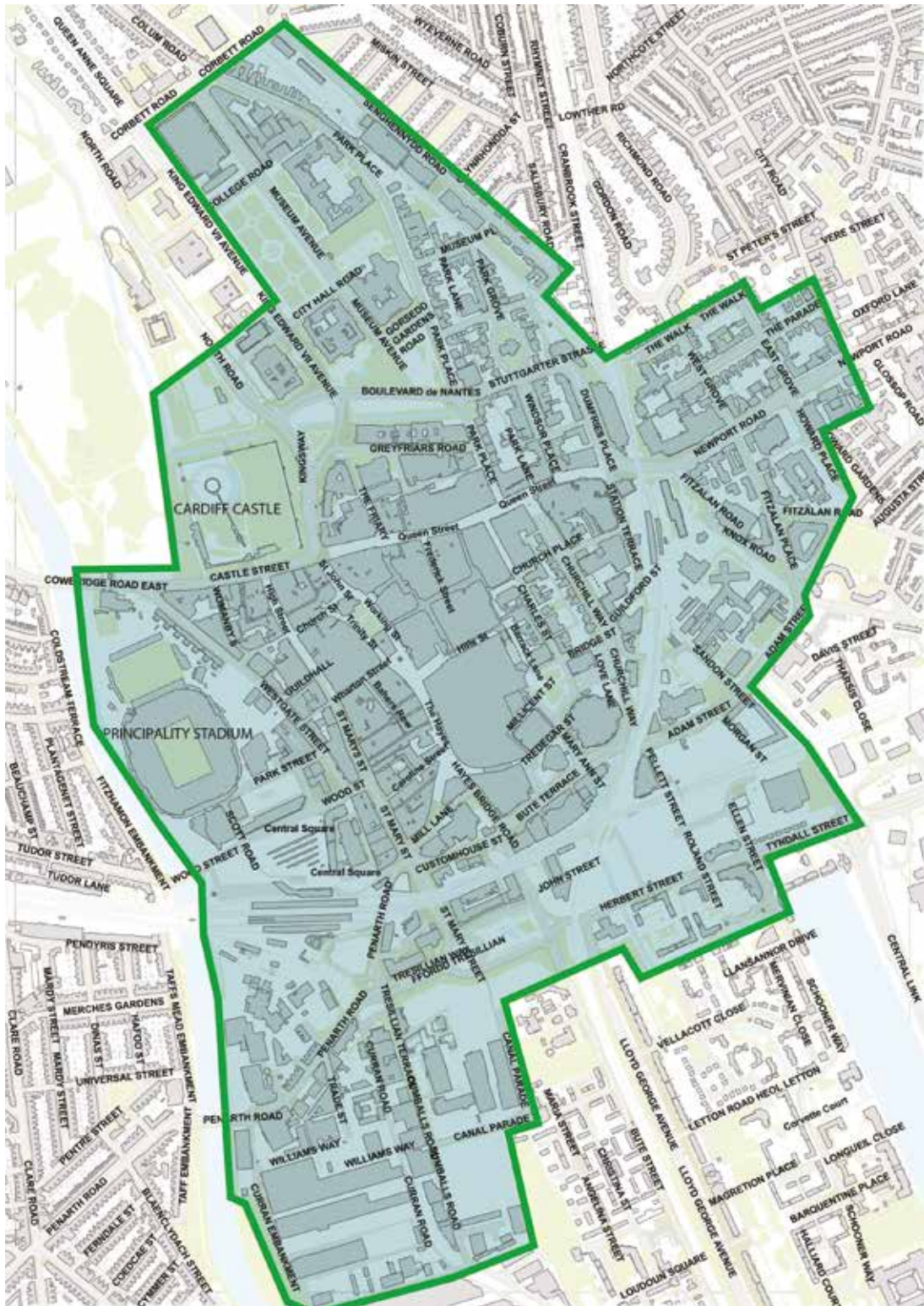


**VOTE**  
✓ **YES**

# CARDIFF BID AREA

Cardiff has developed with several distinctive business zones all within close proximity to the centre of the city. The BID area has been carefully chosen to include all of these established and developing zones, and the key business sectors reliant on the city centre for

commerce, infrastructure and profile. The BID funds will only be invested in projects that benefit the businesses within this area, in line with statutory regulations.



## CARDIFF BID AREA

**The following streets are located within the BID operating area:**

Adam Street	Ellen Street	Moira Terrace	Stuttgarter Strasse
Bakers Row	Fitzalan Place	Morgan Arcade	The Friary
Barrack Lane	Fitzalan Road	Morgan Street	The Hayes
Boulevard de Nantes	Frederick Street	Museum Place	The Parade
Bridge Street	Garth Street	Newport Road (between Dumfries Place & junction with City Road & Glossop Road)	The Walk
Bridge Street Arcade	Golate		Town Walk
Brigantine Place	Gorsedd Garden Road		Town Wall
Bute Terrace	Grand Arcade	Newport Road Lane	Town Wall South
Callaghan Square	Great Western Lane	North Road (between Dukes Street & junction with City Hall Road)	Trade Street
Canal Parade	Greyfriars Place		Trade Street Lane
Caroline Street	Greyfriars Road	Old Arcade	Tredegar Street
Castle Arcade	Guildford Crescent	Park Grove	Tresillian Terrace
Castle Street	Guildford Street	Park Lane	Tresillian Way
Cathays Park	Guildhall Place	Park Place	Trinity Street
Cathedral Walk	Hansen Street	Park Street	Tyndall Street
Central Square	Harlech Court	Pellett Street	Union Street
Charles Street	Havelock Street	Penarth Road (between Tresillian Way & Curran Embankment)	Victoria Place
Church Place	Hayes Arcade		Wesley Lane
Church Street	Hayes Bridge Road	Quay Street	West Canal Wharf
Churchill Way	Hayes Place	Queen Street	West Grove
City Hall Road	Herbert Street	Rosemary Street	Westgate Street
College Road	High Street	Royal Arcade	Wharton Place
Crawshay Street	High Street Arcade	Sandon Street	Wharton Street
Crockherbtown Lane	Hills Street	Saunders Road	Williams Way
Curran Embankment	Howard Place	Scott Road	Windsor Lane
Curran Road	John Street	Senghennydd Road	Windsor Place
Custom House Street	Jones Court	St Andrews Crescent	Womanby Street
David Street	King Edward V11 Avenue	St Andrew's Lane	Wood Street
Duke Street	Kingsway	St Andrews Place	Working Street
Duke Street Arcade	Knox Road	St Davids Way	Wyndham Arcade
Dumballs Road (between Tresillian Way & junction with Curran Road)	Little Frederick Street	St Davids Dewi Sant	
Dumfries Place	Lloyd George Avenue	St John Square	
East Grove	Love Lane	St John Street	
Edward Street	Mary Ann Street	St Mary Street	
	Mill Lane	Station Terrace	
	Millicent Street		

## A BUSINESS PLAN WRITTEN BY BUSINESSES LIKE YOU

For the past 12 months, the Cardiff BID Team has listened to your views on a BID for Cardiff City centre. The consultation process has included:

- surveys,
- business workshops and
- face-to-face meetings.

Individual and group meetings with City centre businesses, public agencies and stakeholders at local and national headquarters have shaped the development of this Business Plan. As a result of this engagement hundreds of businesses have had their say and have told us what they want for the City.

### CONSULTATION OVER THE PAST 12 MONTHS HAS BEEN EXTENSIVE, INCLUDING:

**1**

A city centre business survey distributed to 1,000 businesses

**2**

Formation of a BID Task Group – representative of the BID study area both by sector and geographically (see Cardiff BID Task Group)

**3**

Consultation with the Public Agencies who currently provide services within the city centre

**4**

Programme of workshops – to allow businesses to engage with the process in more depth

**5**

One-to-one business meetings

**6**

Presentations to the sector groups such as the Cardiff Hoteliers Association and Licensees Forum

**7**

Launch of draft Business Plan including coverage online, TV and radio

**8**

Draft business plan delivered to all eligible businesses

**9**

Open business meetings to discuss the draft Business Plan

## WHAT WE PLAN TO DO

It is important that the BID projects reflect the ideas and address the needs of the businesses who are investing into it. Our consultation to date has found that businesses across all sectors share many similar priorities and needs.

▶ **OVER THE NEXT 5 YEARS, BUSINESSES HAVE SAID THAT THEY WOULD WANT A BID TO FOCUS ON ENCOURAGING PEOPLE TO VISIT MORE OFTEN, STAY LONGER AND INVEST MORE IN THE CITY CENTRE.**

You have told us that the BID needs to spend its first term **building credibility and making a visible difference**. This means improving the quality and consistency of the city centre experience for all our businesses, visitors, employees, students and investors. **Once we have achieved our goals we will actively seek recognition for what we have accomplished through accolades and national awards**. Businesses want to be more involved in shaping the decisions that affect them most and to work together to genuinely influence the way the city centre is managed.

Cardiff BID is about all the city centre businesses including Retail, Office, Leisure, Professional Services, Culture, Education and Tourism. By working together the Cardiff BID will make it a better place to visit, meet, study, work and invest.

▶ **IN SUMMARY, BUSINESSES HAVE SAID IN THE FIRST 5 YEARS THEY WANT THE CITY CENTRE TO BECOME MORE:**

### WELCOMING

Providing a Capital welcome that is cleaner, safer and greener

### VIBRANT

That is lively, entertaining and easier to know about and to get to

### INFLUENTIAL

Business working better together, reacting quickly, with resources, whilst helping to reduce costs



“easyGym is supporting the Cardiff BID to help promote a diverse retail and leisure experience, and provide more reasons for the city centre workers, students and visitors to spend time here during the day and evening. Investing significant sums in making the centre more welcoming and vibrant will benefit our businesses and the BID will help us to strengthen our networks with other businesses, to grow and evolve as new opportunities develop.”



**ANDREW PHILLIPS**  
easyGym

**VOTE**  
✓ **YES**

“Cardiff Licensees Forum urge its member to **vote YES**, this is not just because we think it is the right thing to do for our city centre but also because it is right for our businesses. A YES vote will mean exemption from a Late Night Levy for our businesses should it be introduced at some future date”

**NICK NEWMAN**  
Brewhouse/Cardiff  
Licensees Forum



**VOTE**  
✓ **YES**



# WELCOMING

£3M OVER 5 YEARS

## BUSINESSES SAID...

We need to get the basics right and to improve standards and the presentation of the city centre, making it look good, feel safer and better managed. You want quality public realm and cleaner streets, enforcement of anti-social and unlicensed activity and investment to ensure customers can enjoy the night time economy without fears about safety and anti social behaviour.

## CARDIFF BID WILL...

### CLEANER

- Fund a dedicated **cleansing and waste team** to deal directly with business concerns; carry out tactical cleaning of frontages, doorways and hot spots that can quickly and efficiently target problem areas over and above those currently provided by the Council; and responding to business call outs and report/liaise with Cardiff Council.
- Work with Cardiff Council to ensure their cleansing and collection schedules supports the needs of the city centre businesses e.g. 'morning after', following major events, timely waste collections. Also, to work to provide information and advice to businesses on the presentation of waste.

### SAFER

- Support a team of uniformed BID-branded **Cardiff Ambassadors** dedicated to ensuring the city centre is a safe, secure, managed environment. This team will provide a warm welcome to the BID area, be a hub of information for visitors and businesses, and become the face of our city centre.
- The BID is committed to investing in the management of the evening and night time economy, and to strengthening business participation with crime reduction partnerships and supporting any new or improved business crime management initiatives. The BID will work closely with the Police and Cardiff Council to design the programme of **investment for the evening and night time economy**, this will include support for the creation of dedicated additional police resource to maintain and improve the safety of the City centre.

- Add value to existing night time economy schemes, for example the **Street Pastors and Taxi Marshalls**, where they continue to provide valuable on street support for the city's night-time visitors. That means even more residents; students, visitors and employees will be able to benefit from the reassurance of using the city centre at night.
- The BID will seek to work with Cardiff Business Safe to continue to grow the existing **RadioNet Scheme**, a valuable tool linked with CCTV which shares information on incidents of crime and anti-social behaviour and potential offenders. The BID will look at linking the proposed Ambassadors and its 700 business members with the scheme, as well as seeking to reduce the cost to businesses, increase coverage and its effectiveness.
- Work with agencies around the reduction and improved management of the homeless community and strategies to **manage street begging and drinking**, both of which are highly visible on the streets.

### GREENER

- Provide and tend to **additional planting and lighting** initiatives and help install floral displays to achieve a more attractive 'softer' environment across the whole of the BID area.
- Work with property owners and local authorities to urge for the improved presentation of the **key arrival points/gateways** and to be proactive in removing the clutter and distractions that currently exist.



## HOW WE WILL WORK WITH THE LATE NIGHT LEVY?

The late night levy is a local authority power to raise a financial contribution from late-opening (after midnight) alcohol suppliers towards policing the night-time economy. This is separate from the BID, with Cardiff Council & the Police considering introducing a city wide Late Night Levy in the near future.

- If there is a successful YES vote, agreement has already been secured for a licensee's exemption from a future Late Night Levy. The exemption applies to all licensees located within the BID area and paying the BID levy. At the same time the BID will invest in managing the evening and night time economy, and strengthening business participation with

crime reduction partnerships to a level equal or greater than the amount a Late Night Levy would have raised from the city centre.

- For those licensed businesses that fall below the proposed £25,000 BID threshold, you are able to take out voluntary membership of the BID (see The BID Levy, page 18), and in return the BID is committed to paying, on your behalf, any future Late Night Levy. This is to ensure that all BID licensees are competing on an equal footing and encourage the growth of small independent licensees.

“ I am very supportive of the Cardiff Business Improvement District - bringing together retailers and other city centre businesses, to have a direct say in how their money is spent, will help bring focus and additional activity to our City.”

**CLIFF VANSTONE**  
John Lewis



### BUSINESSES SAID...

Cardiff has a great profile across the UK and globally as a city of attractions, big brand and independent shopping, international sport, culture and entertainment. There are also 1.6 million people living within an hours travel to the city centre and a footfall of some 40 million a year. You want the BID to focus on improving the city centre experience, whether for residents, students, employees and visitors. This means **making it easier to travel into and out of the city centre, capturing people more frequently and keeping them here for longer.** This would mean making the city centre busier and vibrant, both day and night, and all year-round.

### CARDIFF BID WILL...

#### ENTERTAIN

- Invest in a city centre entertainment – to draw people into and around the whole BID area week in week out. Smaller, **more focused and more frequent street entertainment** will familiarise visitors with the entire city centre, and create a positive, welcoming atmosphere.

#### EVENTS

- We know the city is celebrated for its major events that enhance both the reputations of Cardiff and Wales. We will establish which events drive business growth with an objective of enhancing the events calendar to drive an even greater return for all sectors. This will include: **providing additional funds to support existing events that evidently boost business and establish new events in current quiet periods** which will increase footfall and spend e.g. fashion, food, culture, music, film and so on, e.g. Vogue's Fashion Night Out in Heart of Manchester BID.
- We will work with the Principality Stadium (former Millenium Stadium), Stadium Events Group, Cardiff Council and tourism partners to ensure **businesses have an open and positive input to the bidding, planning and management phases of major events held across the centre.** The BID would help coordinate a cross sector business group to discuss securing major events and commitments towards value for money, timing, frequency, impact and promotion.
- **Christmas campaign** -working in conjunction with other partners to build on and add value to the Christmas season in Cardiff city centre. The BID will ensure Christmas kicks off with a bang and is a world class and memorable experience.

#### INDEPENDENT

- **Independent businesses and the historic arcades are a crucial and distinctive feature of Cardiff's retail and leisure offer.** The BID is committed to celebrating and supporting their vital contribution to the charm, character and diversity of the City centre– this means there really is something for everyone.

The BID will **ring-fence over £500,000 exclusively for supporting independent businesses** and form a new independent business group to recommend how this fund is spent each year. In addition the proposed investment in entertainment, events and marketing will include bespoke independent aspects to each campaign. Ideas include promoting the combined attraction and unique character of all the historic arcades, a map of all independent stores, special promotions weeks, rewards and loyalty schemes supporting local independent shopping.

- Many of the smaller independent traders fall below the £25,000 rateable value threshold and will not automatically contribute to the BID. However, exempt businesses can become voluntary members and make an annual £250 contribution which will boost the ring-fenced pot and so directly benefit from the funding available and the independent initiatives that are delivered.

#### STUDENTS

- There are 75,000 students within the catchment of the City centre, and with new developments taking place, the number of students living in the centre continues to grows. The BID will forge closer links between businesses, universities and colleges to build a greater understanding of how to **create an exciting and appealing offer**, to manage issues as they arise, and hopefully encourage more students to choose Cardiff and stay here once qualified.

### CITY CENTRE WORKERS

- Many office sector businesses have told us how important a vibrant, safe and accessible city centre is to the recruitment and retention of their workforce. The same has been said about encouraging clients and suppliers to visit and spend more time in Cardiff. **The BID would ensure that the Cardiff city centre experience is good for their employees and good for promoting their own business.**

### AFTER WORK & EVENING ECONOMY

- Successful cities have often established diverse retail and leisure experiences that appeal to employees and visitors in the evening. The BID will work with businesses to **establish a strong and viable evening economy** that encourages people of all ages to stay in the city after work, or to visit the city more regularly in the evening.

### PUBLICISE IT!

- If we are putting on entertainment, running events, have special promotions or know about the great things our partners are doing, **the BID will have a solid communications strategy and make sure all 700 levy paying businesses know about it so you can also tell your customers and employees.** We will liaise with the shopping centres and other agencies who are already marketing themselves and Cardiff – in order to **avoid duplication and to improve the coordination of information.**
- We will develop effective website and digital platforms and excellent media relations to spread the word.

### EFFORTLESS

- Working with the Council, transport and parking operators, the BID will seek to **make it easier to access and to navigate around the city centre.** The BID will promote information about routes into the city, car parking availability/locations/cost, navigating the city centre, opening hours, best times to visit the city, and so on. Lack of clarity around these issues can prevent people from visiting the city particular during peak periods and major events.
- We will **support cyclists through improved secure facilities.**
- We will review existing information signage to reflect the changing appearance and behaviours of city centre users and invest in this **so that the whole business community feels that it is cohesive, consistent and easier for all people to use.**

### IDENTITY & RECOGNITION

- The BID will establish an **instantly recognisable identity**, so visitors know they are within a managed area and can expect a high quality, lively, diverse and memorable experience provided by the BID.
- We will **actively seek national recognition for what we have achieved** in making the city centre more welcoming and vibrant through national awards.
- The BID would work with partners responsible for the place marketing and management of Cardiff and support a strategy to widen Cardiff's appeal - to help promote to a wider audience beyond the immediate catchment area and into national and international markets. Key targets would be business tourism and conferences.



“Focussing resources and strategy will enable us to be far more effective, helping Cardiff city centre to be an attractive, vibrant and thriving trading centre into the future.”

**STEPHEN WIDNALL**  
Rightacres





“ We fully support Cardiff BID, it will enable all retailers, both national and independent, to work together to provide a better experience for residents and visitors. The independent sector in Cardiff is creative, talented and hard-working and has been vital to Cardiff’s growth for over a century, and the BID will inject important new funding to ensure this continues.”

**STEVE SALAMON**  
Wally's Deli



### BUSINESSES SAID...

The business community needs to work more collectively, binding all the key sectors together around mutual priorities. You also want an independent business voice that is heard on the bigger issues and with the resources and clout to get things done and help you perform effectively.

The Cardiff business environment is clearly on the move and the BID will represent your interest wherever it can. For example, there are important discussions taking place around new investment, transport infrastructure and Council resources, the Cardiff Capital Region, City Deal and Enterprise Zone.

### CARDIFF BID WILL...

#### INFORM & REPRESENT

- Cardiff BID will provide a **collective voice for over 700 businesses** and several sectors, and will communicate and negotiate with other key representative groups.
- The BID has a **commitment to regularly communicate progress** with businesses through quarterly newsletters and annual reports.
- We will have independent resources and the financial capacity to **influence and inform key decisions** that are vital to the city centre and keep you informed of key issues that matter to you.
- The BID will also be able to undertake its own **independent research** in to the key issues that affect businesses and to help influence city decision-making.
- Lobby Cardiff Council and other regional agencies on behalf of BID businesses. We will have **regular meetings with senior Political leaders and Council Officers**, providing access to robustly represent the views of the BID community.

#### COLLABORATE

- **Superfast Broadband** - To upgrade the quality of city centre broadband for small businesses, the BID will work in partnership with BT to invest in targeted superfast broadband improvements. This could include fibre optic improvements for individual streets and arcades, and investigating and communicating with BT the benefits of new technology to drive business investment in a smarter city centre. The BID will support new pilot initiatives that create lower cost and high bandwidth connectivity for smaller businesses.
- **City Centre Car Parking** - The BID will work in partnership with car parking operators to develop initiatives to lower prices and encourage visitors to stay longer. New initiatives will work alongside projects to make the centre more welcoming and vibrant therefore helping drive footfall/flow and spend.
- **Education & Training Opportunities** - Local colleges and universities offer businesses the opportunity to benefit from training, research and academic opportunities. Working in partnership, the BID will help strengthen ties between education and business, including the promotion and delivery of affordable and flexible apprentice schemes and internships, tailored training and business clinics.
- We will provide a **focus point for strengthening business networks, communications, incubating new ideas** and collaboration between all city centre businesses regardless of sector.
- We will work with local authorities and economic development agencies to assist them with **attracting local, national and international investors**.



**ALWEN WILLIAMS**  
Director Wales/  
Cyfarwyddwraig Cymru  
BT Group

“ BT will work in partnership with the BID to invest in targeted superfast broadband improvements for individual streets and arcades. This is a great example of how the BID can help drive business investment in a smarter city centre.”

VOTE  
✓ YES

# INFLUENTIAL

£500K OVER 5 YEARS

## CUT BUSINESS COSTS- IMPROVE PERFORMANCE

- We will use our collective buying power to **negotiate discounts on business costs** such as waste collection, energy, insurance, legal fees etc.
- The BID will inform you of any new economic initiatives with business finance or grants to support your growth. For example the Digital Cardiff project that offered grants to upgrade to super-fast broadband.



“ Cardiff does partnership very well - we are much stronger as one and by working together we can reduce our costs and help the city centre to flourish.”

**MARIE FAGAN**  
Hilton Hotel



## HOW WILL I BENEFIT AND IS THIS FAIR?



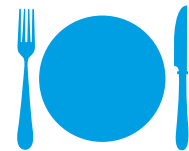
### I AM AN OFFICE BASED BUSINESS OR NON-RETAILER

- A better-quality, more prestigious, and vibrant environment for your business, clients and staff.
- Safer streets, and well managed day and evening location.
- Better broadband coverage.
- Reduced costs through collective purchasing of services such as advertising, waste collection, insurance, confidential shredding etc.
- Perks for staff i.e. special promotions, events leisure initiatives.
- Better access and parking for staff and clients.
- Networking opportunities , better links with education and training.
- Working together and using each other's services.
- An influential business voice speaking up for you on the strategic issues.



### I AM IN RETAIL, LEISURE OR ENTERTAINMENT

- Professionally managed, safer, cleaner and greener customer destination.
- Saving you money with a collective buying scheme (e.g. energy, insurances, merchant card charges, trade waste). For many these savings will cover your annual levy payment.
- Increased footfall & encourage customers to stay longer.
- Working to make it easier and less costly to park.
- More events that work better for businesses.
- Improved signage and information encouraging the flow of customers through the whole centre.
- Access to training.
- An influential business led body that tells you what's going on and represents you.



### I AM IN HOSPITALITY CAFÉ, RESTAURANT, ACCOMMODATION OR PUB

- A better-quality, more prestigious, and vibrant environment for your business, clients and staff.
- Safer streets, and well managed day and evening location.
- Better broadband coverage.
- Reduced costs through collective purchasing of services such as advertising, waste collection, insurance, confidential shredding etc.
- Perks for staff i.e. special promotions, events leisure initiatives.
- Better access and parking for staff and clients.
- Networking opportunities , better links with education and training.
- Working together and using each other's services.
- An influential business voice speaking up for you on the strategic issues.



# HOW WILL I BENEFIT AND IS THIS FAIR?

## AND WHAT IF I VOTE "NO"

- We would lose the opportunity for over £7.5m private sector investment - we've tried to keep the levy low to only tackle the most important business concerns.
- Without investment, the conditions in which businesses are trying to trade in Cardiff are less likely to adapt and respond quickly enough. At the same time our competitors get stronger by forming their own BIDs.
- There will be no business voice, representing all business sectors, and with the resources to lever influence and make change happen

## AM I ELIGIBLE TO VOTE?

All eligible businesses with a rateable of £25,000 or over will be able to vote (see BID Levy Rules section for those exempt from paying).

## ISN'T THIS WHAT I PAY MY BUSINESS RATES FOR?

No. Business rates are collected by Cardiff Council and then re-distributed at a national level. The Council spends the allocated funding on services that are both statutory and discretionary. Businesses have very little say on what these services are.

BIDs are different. The money is collected locally, ring-fenced and controlled and managed by you. It can then only be spent on projects you have agreed to within the BID area. The BID levy does not pay for anything covered in your business rates. You know exactly how much you pay and you know exactly what it is being spent on.

## AREN'T BIDS JUST A WAY OF LOCAL AUTHORITIES SAVING MONEY?

No. Baseline services provisions must be set out by all public bodies providing statutory services. Legally, a BID can only deliver over and above these existing services and part of the BID's role will be to make sure local public agencies are delivering against these statements. Statements have been established for:

- Car parking and enforcement
- Highway maintenance
- Street lighting and furniture
- City Centre Management
- Seasonal floral decorations, parks and recreational spaces
- Tourism
- Police
- Community Safety
- CCTV
- Street Trading and Enforcement

These are available on the BID website [cardiffbid.com](http://cardiffbid.com)

Cardiff Council and other public bodies will also be levy payers and the BID will work with them and seek further match-funding for projects to generate additional income.. Businesses see BIDs as a way of enhancing and improving issues that wouldn't otherwise be dealt with, which is why more and more locations are adopting the model.

## HOW WILL I KNOW IF THE BID IS DELIVERING THE CONTENTS OF THIS PLAN?

The BID will focus its resources on delivering the five objectives outlined in this plan. The BID will communicate its activity regularly and will be able to report on a variety of different performance indicators, as outlined on page 22. Ultimately, the business plan is binding and any significant or substantial change on what is set out here would need to be put to a vote of the levy payers.

## ISN'T THIS A BAD TIME TO BE ASKING BUSINESSES FOR MONEY?

Not at all, it's a good time to be planning ahead. We know we have a great city centre, with top quality businesses and a special leisure, cultural and heritage offer. You have told us there is a huge amount of potential to be realised, so we want that potential to be met. The BID is a vehicle by which we can make this happen. BIDs aim to drive investment to increase sales and improve your trading environment and save businesses money. Businesses know how to deliver this best, which is why BIDs have an ever-growing track record of improving trading environments and bringing more customers into an area.

## WHY ARE BUSINESSES WITH A RATEABLE VALUE BELOW £25,000 EXEMPT AND WHY ARE THE SHOPPING CENTRE AND ARCADE TENANTS GETTING A DISCOUNT OF UP TO THE MAXIMUM 0.3% ?

The overhead cost in order to provide a tangible service and high quality projects would exceed what the smallest businesses would pay. Exempt businesses are not eligible to vote but may opt to make a voluntary contribution and receive the same benefits. (See below)

About a third of the value of the projects identified in the Business Plan are already provided to Shopping Centre and Arcade tenants through their service charge hence the discount. Different centres and arcades provide different levels of services and this is why the amount of discount will vary between different managed estates.

## WHAT OTHER LOCATIONS ARE DOING THIS?

There are many examples of BIDs and their businesses gaining from voting 'yes' to a BID. Swansea, Newport and Bristol are nearby examples and Birmingham, Manchester, Liverpool, Nottingham, Sheffield, Belfast, Edinburgh and London are a few who have benefited from BIDs being set up for their cities.

## THE BID LEVY

Cardiff BID will be financed through an annual levy of 1% of the rateable value of your premises. The levy will apply to all business rate payers with a rateable value of £25,000 or more. Eligible levy paying businesses located in shopping centres and arcades will pay a BID levy of between 0.7% and 1%. This takes the payment of their existing service charges into account.

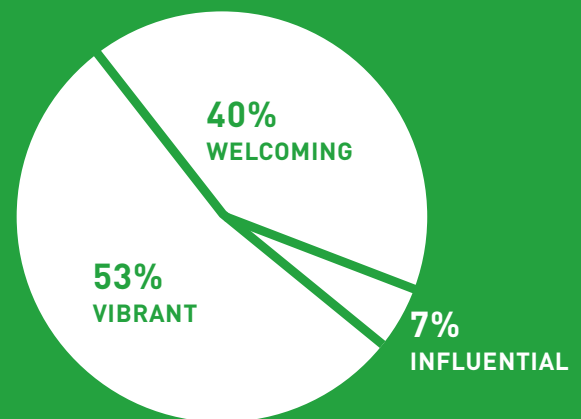
Over the 5 year term, the BID will therefore result in an investment of over £7.5 million into business in Cardiff City Centre. The annual levy is an investment. In return for your investment, your business benefits from additional projects and services. The BID company will be accountable for every £1 it receives or generates.

**TYPICALLY, FOR EVERY £1 INVESTED,  
BUSINESSES CAN EXPECT TO SEE A £3 RETURN.**

### EXAMPLE BID LEVY

RATEABLE VALUE	MAXIMUM ANNUAL LEVY	MAXIMUM DAILY EQUIVALENT
£25,000	£250	£1.20
£50,000	£500	£2.40
£75,000	£750	£3.60
£100,000	£1,000	£4.80
£200,000	£2,000	£9.60
£300,000	£3,000	£14.40
£750,000	£7,500	£36.00
£1,000,000	£10,000	£48.00
£2,000,000	£20,000	£96.00

### TOTAL BUDGET £1.5M PER ANNUM



15-20% of the income will be spent on overheads and management of the BID. BIDs normally expect to generate between 15-20% additional income from other sources to help offset its overheads.

▶ Your BID levy is tax deductible.

### VOLUNTARY MEMBERSHIP AND ADDITIONAL INCOME

The BID will also run a voluntary membership scheme for smaller businesses in the BID area with a rateable value of less than £25,000, and those in sectors outside Retail, Leisure, Culture, Tourism, Office and Commercial to make a voluntary investment which entitles them to all the projects and services outlined in the Business Plan as well as full rights in the governance and management of the BID Company.

This will enable them to invest and share in the benefits of the BID. A board position can be allocated for voluntary contributors who are members of the BID Company. The BID can also seek additional income, grants and project match funding to deliver further value for money. In addition, the BID potentially has the power to run commercial services or other income generating activities.

# CARDIFF BID BUDGET AND INCOME 2016-2021

Item	2016/17	2017/18	2018/19	2019/20	2020/21	5 Year Totals
<b>INCOME</b>						
<b>BID Levy</b>	£1,460,170	£1,460,170	£1,460,170	£1,460,170	£1,460,170	<b>£7,300,850</b>
<b>Additional Income</b>	£265,000	£265,000	£265,000	£265,000	£265,000	<b>£1,325,000</b>
<b>Total Income</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£8,625,850</b>
<b>EXPENDITURE: PROJECTS &amp; SERVICES</b>						
<b>Welcoming</b>	£665,000	£665,000	£665,000	£665,000	£665,000	<b>£3,325,000</b>
<b>Vibrant</b>	£726,670	£726,670	£726,670	£726,670	£726,670	<b>£3,633,350</b>
<b>Influential</b>	£85,000	£85,000	£85,000	£85,000	£85,000	<b>£425,000</b>
<b>Staff</b>	£140,000	£140,000	£140,000	£140,000	£140,000	<b>£700,000</b>
<b>Training</b>	£1,500	£1,500	£1,500	£1,500	£1,500	<b>£7,500</b>
<b>Office and IT Support</b>	£25,000	£25,000	£25,000	£25,000	£25,000	<b>£125,000</b>
<b>Insurance</b>	£2,500	£2,500	£2,500	£2,500	£2,500	<b>£12,500</b>
<b>Levy Collection Costs</b>	£37,500	£37,500	£37,500	£37,500	£37,500	<b>£187,500</b>
<b>Professional Fees</b>	£1,600	£1,600	£1,600	£1,600	£1,600	<b>£8,000</b>
<b>Bank Charges</b>	£400	£400	£400	£400	£400	<b>£2,000</b>
<b>Contingency</b>	£40,000	£40,000	£40,000	£40,000	£40,000	<b>£200,000</b>
<b>TOTAL EXPENDITURE</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£1,725,170</b>	<b>£8,625,850</b>
<b>Surplus/Deficit</b>	0	0	0	0	0	

1. Up to £250,000 pa expenditure will be spent on evening and night time economy safety and management initiatives
2. Additional income from City Centre Management refers to existing staff and resources and is not direct income for the BID

All of the funding for the BID will be ring-fenced and can only be spent on additional projects and services that businesses have agreed to in this Business Plan. The BID Company decides on the apportionment of its management and overhead costs. In the Cardiff BID management and overhead costs will be under 20% of total income.

As an independent, private company, the BID can also seek additional financial contributions and match-funding on projects. Experience from other BIDs suggest that on average a BID can lever in additional resources of around 20%. This ensures local businesses can get even better value for money and that we can invest in exciting opportunities for Cardiff City Centre.



**TOM MORGAN**

Bar 44

- “ The Cardiff BID aims to improve the city centre experience for visitors and businesses and support a wide range of initiatives to create a pleasant, safe and accessible environment. The income that is generated from the levy will be used by the traders in the City Centre to its best advantage. We can have a say in how to make Cardiff a better place.”

**VOTE**  
✓ **YES**

# THE BID RULES EXPLAINED

The BID legislation regulates BID ballots and the framework under which BIDs must operate. Key points are:

## BID CREATION AND THE BID BALLOT

- Each business ratepayer that would be liable for the BID levy will have one vote for each of their eligible properties, provided they are listed on the Non-Domestic Rates list as provided by Cardiff Council on 28th April 2016.
- None of the costs incurred through the development of the BID and before the formal ballot will be paid for by the BID levy.

## THE BID LEVY AND WHO CONTRIBUTES

- The BID levy rate will be fixed for the full term of the BID (five years) and will not be subject to inflation or alterations.
- The BID levy will be applied to all businesses within the defined area with a rateable value of or exceeding £25,000, provided they are listed on the Non-Domestic rates list as provided by Cardiff Council. The following will be exempt from paying the levy:
  - » **Organisations with a Rateable Value of below £25,000.**
  - » **Non-retail charities with no trading income, arm or facilities and are entirely volunteer based.**
  - » **Non-Profits with an entirely subscription and volunteer-based set up.**
  - » **Businesses that fall in the following sectors, industrial, manufacturing, storage, and workshop**
  - » New businesses will be charged from the point of occupation based upon the rateable value at the time they enter the rating list.
  - » If a business ratepayer occupies the premises for less than one year, the levy paid will be on a daily basis.
  - » Vacant properties, or those undergoing refurbishment or being demolished will be liable to pay the BID levy by the property owner or registered business ratepayer.
  - » The BID levy will not be affected by the small business rate relief scheme, exemptions, reliefs or discount periods in the non-domestic rate regulations prevailing at the time.
  - » The BID Levy will not be affected by service charges paid to landlords.

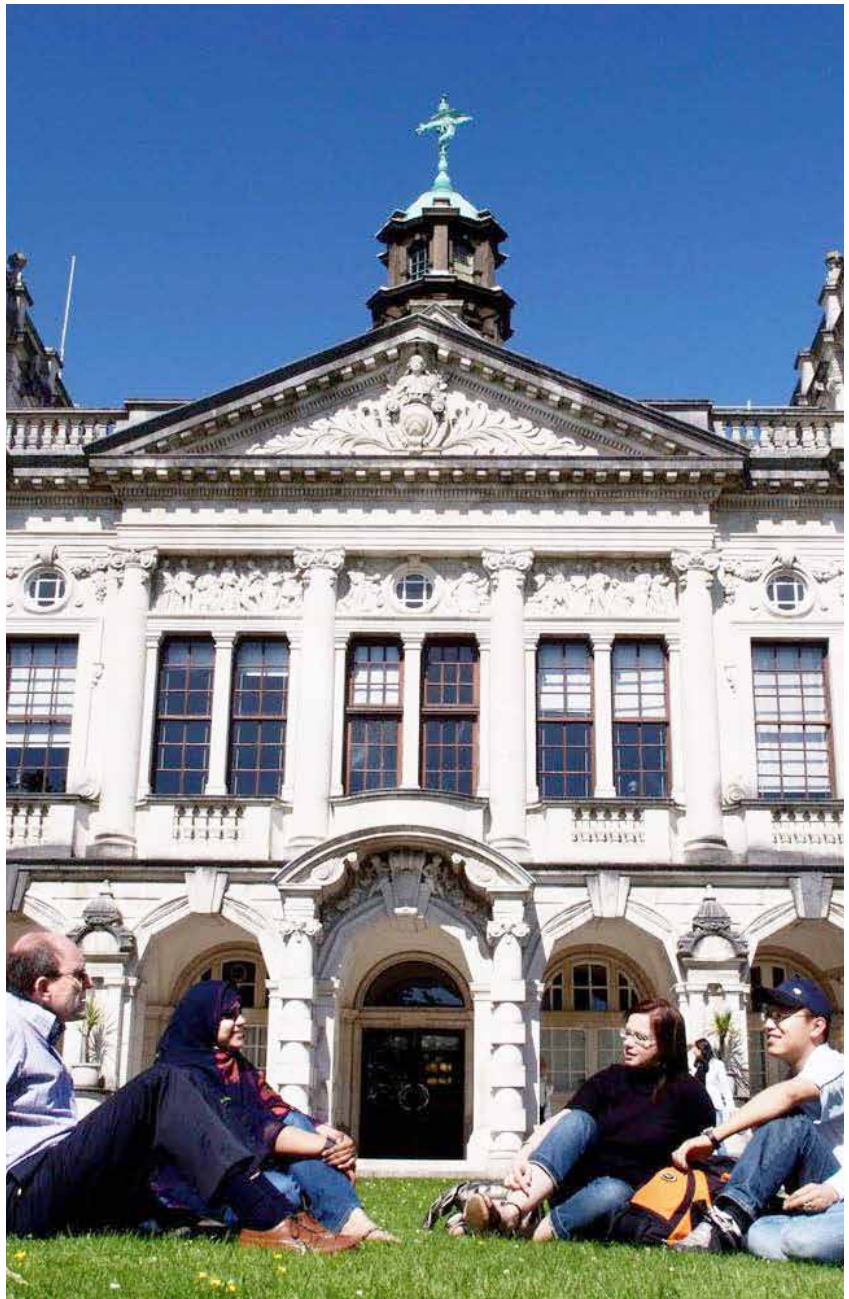
- » VAT will not be charged on the BID levy.
- » Eligible ratepayers within a shopping centre or arcade and paying a service charge will receive a **discount of up to a maximum 0.3%. This will dependent on the management providing a service charge schedule for the BID to assess the actual level of discount. If no satisfactory service level schedule is provided then the full levy rate will apply in those centres and arcades.**
- » The levy amount or boundary area cannot be increased without a full alteration ballot. However if the BID Company wishes to decrease the levy amount during the period, it will do so through a consultation which will, as a minimum, require it to write to all existing BID levy payers. If more than 25% object in writing then this course of action will not proceed.

## BID OPERATIONS AND MANAGEMENT.

- The Billing Body is authorised to collect the BID levy on behalf of the BID Company.
- Collection and enforcement regulations will be in line with those applied to non-domestic business rates, with the BID Company Board of Directors responsible for any debt write-off.
- The BID funding will be kept in a separate BID Revenue Account and transferred to the BID Company.
- BID projects, costs and timescales may be altered by the BID Board of Directors, provided they remain in line with the overall BID objectives.
- The BID Board of Directors will meet at least six times a year. Every levy paying business will be eligible to be a member of the BID Company. Company members can vote at annual general meetings.
- The BID Company will produce a set of annual accounts made available to all company members.
- BID staff will be appointed, will be based in the City Centre and will work with the appropriate agencies to deliver the programme of projects.
- The BID will last for five years. At the end of the five years, a ballot must be held if businesses wish the BID to continue.

“ The St Davids Partnership fully support the proposal for a Cardiff BID, it will be good for the city centre and all business sectors.”

**STEPHEN MADELEY**  
St David's Dewi Sant



## BID GOVERNANCE AND MANAGEMENT

A new independent, non-for-profit company, limited by guarantee, will be established to govern the BID and will be known as Cardiff Business Improvement District Limited.

This organisation will have a board of directors, directly accountable to BID levy payers for:

- Effective delivery of the projects and services as set out in the BID Business Plan.
- Upholding and promoting the BID's vision and objectives.

The Board will serve voluntarily (without payment) and will be composed to reflect the make-up of the town's businesses and organisations. Cardiff BID will have the following board composition:

Accommodation	1
Banks & Services	1
Education	1
Entertainment/Leisure	1
Food & Drink (including Licensees)	2
Office/Professional Services	2
Independent Retail	2
National Retail	2
Public Sector	2
Property/Investor/Voluntary Contributor	1
<b>TOTAL</b>	<b>15</b>

To ensure continuity, the BID Task Group will serve as the Cardiff BID Board in year one, and thereafter an annual election will be held where any levy paying business will be eligible to stand for BID board director.

As a levy payer, you will have a stake in the BID company. You will control what the BID funds are spent on and you can hold the BID company accountable throughout the duration of the five years. The BID company will not be able to make a profit – any surplus must be spent on projects and services agreed by you and the Board of Directors.

BID's are lean organisations, and the Cardiff BID will keep its overheads as low as possible and amounting to no more than 20% of its total income, whilst also employ a dedicated, full-time staff resource to ensure the projects outlined in this business plan are delivered effectively and efficiently. The BID is likely to employ a BID Director, Operations Manager and an administrative support position. The BID Director will be the main liaison point between the BID Board of Directors and the businesses. They will be responsible for:

- Being the main contact point between levy payers and the board
- Delivery and management of the BID Business Plan
- Seeking additional financial contributions towards the BID company

If successful at vote, Cardiff's BID's term will commence in Autumn 2016. It will run for five years and then be required to seek renewal through a new ballot.



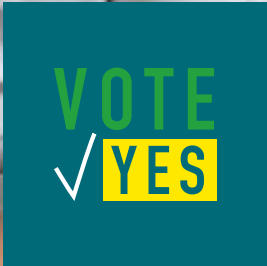
“A BID in Cardiff is an opportunity for the city to thrive. Businesses will be able to collectively invest in the market in which they trade and in doing so ensure the environment is attractive as possible to existing, potential and future customers.”

**ANDREW PHILLIPS**  
Savills

**VOTE**  
✓ **YES**

“ Put simply, the BID will work for all city centre businesses and we will have the opportunity to sit at the table of all the key decision making forums of our city thus aiding the representation of ourselves far better than anything else has ever in the past.”

**BRUNO NUNES**  
Peppermint Bar



# MEASURING PERFORMANCE AND REPORTING BACK

We believe true accountability comes from asking those levy payers who help create and fund the BID to tell us on a yearly basis how they feel the BID Team and Board Members have delivered versus the annual business plan.

Cardiff BID will need to show it is delivering against its objectives and for your business. The Board will set the key performance indicators (KPIs) and criteria upon which to measure the BID's performance. Examples of the criteria the BID will use include:

## PERFORMANCE DATA

- Footfall figures
- Occupancy rates
- Car parking data
- Crime data
- New Business Activity

## ANNUAL SURVEYS

- Business feedback
- Consumer feedback

## VALUE FOR MONEY AND PROFILE MEASUREMENTS

- Media coverage
- Website and social media visits and interaction
- Service take up rates and cost saving initiatives calculated
- Business feedback
- Consumer feedback



**These activities will be carried out at appropriate regular intervals and will be reported back to you via:**

1. Direct Communications (for example: e-bulletins, letters and face-to-face meetings)
2. Group Forums and Briefings
3. Annual Meetings
4. Annual Reports



“ For Amgueddfa Cymru - National Museum Wales, and specifically National Museum Cardiff, the BID is a key opportunity to strengthen the role and profile of our World class cultural offer, to build new audience and increase visitors to the City. It will also help strengthen our ties with other tourism businesses. But its not just visitors that will benefit. A more welcoming, vibrant and safer city centre will be good for our staff as well.”

**NEIL WICKS**  
National Museum Cardiff



## SOME OF OUR SUPPORTERS



- ▶ Remember, the BID Ballot will take place from 2nd June 2016 and you have until 5pm on 30th June 2016 to vote.

# VOTE

✓ YES

**CARDIFFBID.COM**

If you have any questions or for more information contact:

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**CITY & COUNTY OF CARDIFF**  
**DINAS A SIR CAERDYDD**

**ECONOMY & CULTURE SCRUTINY COMMITTEE**

**21 JULY 2016**

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**LEISURE CENTRE MANAGEMENT – ALTERNATIVE DELIVERY MODEL**

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*Appendix B to this report is confidential and not for publication by virtue of paragraph 14 of Part 4, and paragraph 21 of Part 5 of Schedule 12A, Local Government Act 1972 (as amended). It is viewed that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

**Purpose of the Report and Scope of Scrutiny**

1. To provide Members of the Economy and Culture Scrutiny Committee with the opportunity to scrutinise the proposals coming forward from the Leisure Centre Management Procurement Exercise, prior to these being presented to Cabinet for approval on the 27 July 2016. In particular the scrutiny should focus on:
  - The options appraisals outlined within the Leisure Centre Management Full Business Case, evaluating private sector partnership options against an Enhanced In-House Model;
  - The rationale behind the recommended preferred option – to establish a partnership with a private sector organisation.
2. At the Committee meeting Members will also have the opportunity to explore next steps and future actions that the Council will need to take to deliver the preferred option. Members may also wish to consider how the Committee will be able to scrutinise this topic in the future.

## Background

3. A report was taken to Cabinet on 15 May 2014 entitled 'Establishing a Programme of Organisational Change for the City of Cardiff Council'.<sup>1</sup> This report set out the Cabinet's view that the Council needed to challenge the way in which services were currently being delivered and that a full range of service delivery models and providers should be considered.
4. In line with this approach, the Council commissioned a report from Max Associates entitled 'Sport, Leisure and Art Services Management Options Appraisal'. This report was also taken to Cabinet on 15 May 2014.<sup>2</sup> The report examined three possible options for the future delivery of leisure centre services. These were:
  - i. Continuation of in-house operated services.
  - ii. The establishment of a local trust or trusts to operate leisure centres.
  - iii. Contracting with a private sector partner to operate leisure centres according to a defined specification.
5. The conclusion of the Max Associates report was that the formation of a partnership with an external organisation scored highest in terms of the evaluation model used. At Cabinet on 15 May 2014 it was resolved that "*procurement processes be carried out for the future management of the Council's leisure centres and arts venues*". It was also stated within the associated Cabinet report that the Council's in-house provision would be used as a comparator to the services offered by bidders.
6. During this time, the Economy and Culture Scrutiny Committee undertook a Task and Finish Inquiry to consider the Max Associates report and the options available to the Council. The following key findings were made:

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<sup>1</sup> Available via the following link: <http://goo.gl/Tl76wE>

<sup>2</sup> Available via the following link: <http://goo.gl/0z5i9B>

- *“On the basis of evidence received from officers, an understanding of the Council’s budgetary situation and by observing external economic trends, it seems clear that continuing to aim to deliver and manage in-house leisure and cultural services in an environment where there may be no central revenue provision whatsoever from the Council within five years is likely to be an unsustainable position to take. While excellent work has been undertaken by staff to reduce overheads and maximise income (thereby reducing subsidy levels to a degree), the time has come to take the “quantum leap” forward that can be achieved by the tax advantages available through National Non Domestic Rates (NDR) and VAT possible through working through a trust. Consequently, alternative management options need to be progressed as a matter of urgency.*
- *“In principle, an arrangement with a third party whose aims were based around social and community benefits and reinvestment of surpluses into positive social aims would be preferable to working with a third party whose business model was predicated on distributing surpluses to commercial shareholders.*
- *“Regardless, however, of whether the Council chose to work with a commercially or a community motivated third party, the Cabinet has the potential to clearly articulate and specify the kinds of benefit it wishes to deliver into a management agreement, and the clearer the Cabinet can be about its wants and needs the better the outcomes will be for our citizens.*
- *“A suggestion to achieve this is that – rather than seeking to specify financial benefit as the exclusive priority and to seek the most financially advantageous arrangement – the Cabinet conducts mature and challenging discussions between Portfolio leads and with the Chief Executive and Section 151 Officer to understand what minimum level of financial savings through an alternative management model would be deemed necessary to support the Council’s medium term financial position. Once clear assumptions about that financial quantum and its associated risks could be agreed, Cabinet will be able to*

*approach the market with confidence, knowing that any additional sums likely to result from partnership with a third party can be ring-fenced into the future wellbeing of the city's leisure and cultural assets.*

- *“As awareness emerges of the likely “comfort zone” to be derived between the minimum level of savings required and the level of investment potentially available from the market, further discussions can be held prior to detailed contract specifications being consolidated to determine options on how that quantum will be divided between social benefits, asset maintenance, customer service and other desired outcomes. However, in the short term continued effort should be invested to begin modelling these options, so that the Council is able to be agile in making effective and appropriate decisions in the challenging timescale identified that is required to make targeted savings for the 2014/15 financial year.*
- *“Committee is aware of the Cabinet Member’s inherent philosophical preference for Council services to be delivered in-house. He was, however, clear in communicating that this personal view would not cloud or determine his judgement as the procurement exercise moved forward. Members encourage the Cabinet Member to secure the best possible outcome for the citizens of Cardiff, skillfully balancing a range of equally important priorities”.*

The full Task and Finish report of the Committee can be found attached at **Appendix A.**

### **Relevant issues from 2015/16 Council Budget**

7. The Council's 2015/16 budget, approved at Council on 26 February 2015 included the following saving:

*New Operating Model for Leisure Centres - the Council has agreed to progress with a procurement process to determine a new operating model for*

*its leisure centres which will be tested against the current in-house provision. Saving expected to be generated for the final quarter of 2015/16. The level of saving is dependent on the procurement process that is being run in respect of leisure centre management throughout the first half of 2015/16. At this stage the level of savings to be achieved can only be estimated until the outcome of the procurement process in Autumn 2015.*

The level of savings identified for the 2015/16 budget through this project was £435,000

8. The achievement of savings is monitored by Scrutiny Committees through the scrutiny of Quarterly Performance Reports. In considering the 2015/16 Q4 Performance for the Sport Leisure and Culture Directorate, Members of the Economy & Culture Scrutiny Committee were informed of the challenges that had been encountered in achieving the proposed savings. Members wrote to the Cabinet Member: Community Development, Co-operatives & Social Enterprise to say:

*“The Committee note that the achievement of savings from the Leisure Centres and Arts Venues procurement exercises within the 2014/15 budget was always going to be challenging. We are mindful that procurement exercises of this scale and value will always be subject to long timescales, and welcome the assurance given that the procurement is progressing as planned and that suitable interest has been shown from the market. We note that the unachieved savings will be carried forward to 2015/16, which will bring with it additional pressures and risks, but it is clear to us that you, and officers are well aware of the need to deliver these savings.”*

9. The 2016/17 budget, approved at Council on 18 February 2016, included the following savings proposal:

*Alternative delivery for Leisure - a new operating model in Leisure.*

The level of savings identified for the 2016/17 budget through this project was £850,000.

## **Business Case**

10. Following this procurement exercise, a Business Case has been developed to determine the delivery model for leisure centre services in Cardiff that enables the Council to address the challenges it faces. This can be found attached at **Appendix B**. This document has been judged to fall within the category of information judged to be “exempt from publication” under the provisions of the Local Government Act 1972.
  
11. Members will note that at the outset of the procurement exercise, four separate “lots” were created, with a view that the inclusion of single facility lots will provide the opportunity for smaller operators/organisations to participate in the procurement exercise. This was explained to Members of this Committee in a Task and Finish Inquiry meeting on 19 November 2014 (the letter written following this meeting can be found attached at **Appendix C**). The final business case however indicates that only one lot remains within scope of the procurement exercise.
  
12. Given below are the initially identified Lots and their current status:

### LOT 1 (including LOT 2) – **IN SCOPE**

- Llanishen Leisure Centre
- Eastern Leisure Centre
- Fairwater Leisure Centre
- Western Leisure Centre
- Pentwyn Leisure Centre
- Maindy Leisure Centre
- STAR Centre (Splott), the current Star Centre will close when the new Star Hub opens in the Autumn of 2016



- Penylan Library and Community Centre (LOT 2)

#### LOT 3 – **NOT IN SCOPE**

- Channel View Leisure Centre

#### LOT 4 – **NOT IN SCOPE**

- Cardiff International Sports Stadium (transferred to Cardiff & Vale College)<sup>3</sup>

13. The Business Case sets out that in terms of finances, the objective of any future delivery model for leisure services must include the elimination or at least significant reduction in the subsidy paid to leisure services. Currently the total net paid to leisure services is approximately £3.268m (2015/16 outturn).

14. Members are advised to refer to **Appendix B** – Leisure Services Alternative Delivery Models Business Case (which is exempt from publication). This document contains the following information which Members may wish to consider:

- The Strategic Case for the procurement exercise.
- The Economic Case – including the Options Appraisals undertaken for the Enhanced In-House delivery model and Private Sector Partner options. This identifies a preferred option for provision of Leisure Services in Cardiff.
- The Financial Case for the preferred option.
- The Commercial Case for the preferred option.
- The Management Case for the preferred option.

15. **Appendix B** identifies that the preferred option for leisure centre services in Cardiff is to establish a partnership with a private sector organisation. Following a process of competitive dialogue and evaluation of the bids received, the preferred bidder that offered the Most Economically Advantageous Tender was identified as Greenwich Leisure Limited (GLL).

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<sup>3</sup> Considered by Economy and Culture Scrutiny Committee in April 2015 - <http://goo.gl/LGtZxu>

16. The following advantages are identified from this preferred option:

- GLL will provide the greatest financial savings over the life of the contract.
- The preferred option provides surety of future financial costs of leisure services and significantly reduced financial risk for the Council.
- Financial risks in relation to utilities, delivery of investment opportunities, achievement of income targets and maintenance of facilities (with the exception of structure and roofs) will be borne by the contractor.
- Awarding the contract would give greater future certainty to the delivery of the specified services within a contractual framework, protecting the ongoing operation of each facility and maintaining jobs.
- The contractor has proposed a robust investment plan for capital investment into facilities.
- The contractor has extensive Local Government experience within their senior management team, a proven track record of operating leisure facilities, a robust governance structure and a commitment to partnership working.
- The contractor will be committed to the achievement of QUEST, the leisure industry quality standard across the portfolio which will improve the quality of facilities and services.

### **Previous Scrutiny**

17. As mentioned in paragraph 6 above, the Economy and Culture Scrutiny Committee undertook the first phase of the 'Alternative Operating Models in Leisure and Cultural Venues' Inquiry was undertaken in early 2014. The Inquiry Members received evidence from former Cabinet Portfolio Member Councillor

Ramesh Patel and senior Sport, Leisure and Culture Directorate officers, the Director of Legal Services, Welsh Local Government Association advisors and other stakeholders. A visit to Bridgend enabled Members to meet responsible Council Members and officers, and to meet Halo Leisure Trust, a social enterprise established to manage leisure facilities on behalf of local authorities (including Bridgend Council), with the purpose of reinvesting any surpluses generated back into those authorities' leisure network.

18. A meeting was also held with Parkwood, a business which (amongst other contracts across the UK) manages leisure facilities in the Vale of Glamorgan on behalf of the Vale of Glamorgan Council, and the Cardiff International Pool. Parkwood have also recently developed a niche in the management and operation of arts venues in England.
19. In April 2014 the newly appointed Council Leader Councillor Phil Bale asked the Scrutiny Inquiry Team if they would be minded as part of the Inquiry to contribute ideas to a report being prepared into the matter for Cabinet's 15 May 2014 meeting. While this did not form part of the Inquiry's original terms of reference, given the growing urgency of seeking solutions in this area the Committee Chair and Inquiry Team Members agreed to consider this proposal.
20. The Inquiry Team provided some written thoughts for Committee Members to consider at their meeting on 8 May, as part of the pre-decision process. These were then tailored into a Scrutiny Report as part of a Cabinet paper seeking agreement for a process of procurement which Cabinet considered at their meeting on 15 May 2014. This report is attached as **Appendix A** and the key points made are listed in paragraph 6 above.
21. The second phase of the 'Alternative Operating Models in Leisure and Cultural Venues' Inquiry was undertaken in November 2014. Members' were updated on the procurement process and their views were sought by the Director – Sport, Leisure and Culture on the evaluation principles that were being written into the specifications of any contract award.

22. At this meeting, Members were informed that the procurement process for Arts and Cultural Venues was proceeding more slowly than that for Leisure Facilities. The decision was made to push ahead with the Leisure Facilities procurement rather than delay in order to allow them to run in tandem.

23. Members wrote to the Cabinet Member – Community Development, Co-operatives & Social Enterprise (**attached at Appendix C**), to raise the following points:

- *“Members welcome the aspiration to achieve a net zero subsidy, but would not insist that this result is achieved if suitably attractive bids are received that do not provide a net zero subsidy position for the Council.*
- *“Members welcomed the focus being placed on the achievement of desired outcomes when evaluating the bids received, rather than the Council being overly prescriptive with the specifications that bidders must satisfy. Members felt this approach will enable innovation from the market and allow bidders to outline new opportunities and options for service delivery.*
- *“Members welcome the Lot allocation, with three single facility Lots providing the opportunity for smaller operators/organisations to participate in the procurement, which would not been possible had the Council gone with fewer, larger Lots, while at the same time retaining a more substantial Lot that will be attractive to larger organisations.*
- *“Members are pleased in-house service provision is being used as a benchmark throughout the process, and welcome the fact that the Council’s provision of services is still being driven to reduce costs and improve quality of service. Members were keen to stress that they would welcome the retention of the service if the Council’s service provision is found to compete with the options provided by the wider market.*
- *“Members expect social objectives, such as such as the payment of the Living Wage to staff, reduced charges for Children who are Looked After and*

*increased access for disadvantaged customers, to be considered and explored with bidders as the procurement process progresses.*

- *“Members reiterated a point made in May 2014 - that working with a partner organisation driven by social goals (such as a trust, charity or social enterprise) would be the Committee’s preferred option. They felt that this approach would provide a natural role for Elected Members and the Local Authority to contribute to the running of facilities, and feel these organisations would better address the social elements of the services provided in Leisure and Cultural facilities”.*

24. In February 2015, Members of the Inquiry were sent the Leisure Service Requirement specifications in advance of them being distributed to bidders in readiness for the competitive dialogue process. Members were content with all that was contained within this document and did not request any amendments be made.

25. In September 2015 Members were provided with an update of the Leisure Services ADM Update as part of the Committee’s consideration of 2015/16 Quarter 1 Performance. This included an update on key milestones achieved and the future timeline for the project. This can be found via the following link: <http://goo.gl/oS9v5y>.

26. Following this item Members wrote to the Cabinet Member: Community Development, Co-operatives & Social Enterprise to raise the following points:

- Members of the Committee were concerned with the fact that only two interested parties have made it to the invitation to submit final tender (ISFT) stage of the exercise, and questioned whether the Council has asked too much of the market, setting its targets too high and being overly ambitious.
- Members of the Committee were particularly conscious that the process followed to develop an enhanced in-house model, to be compared against

final submissions from the market, will be of great interest to bidders involved throughout the procurement process and is likely to be subject to considerable external scrutiny. If following almost two years of work on the procurement process, the Council decides to choose an enhanced in-house solution, the processes followed will need to be beyond reproach, particularly given the significant resources that will have been invested in the process by external companies.

- The Committee was aware that the clear driver behind this project is the need to deliver substantial savings, and to arrive at a position of nil cost to the Council from the provision of leisure services - savings which will need to be found whether an internal or external solution is agreed. If indeed the best way to achieve this is through an enhanced in-house offer, the Committee would support this course of action.

### **Wales Audit Office**

27. On 22 March 2016, Cardiff Council's Audit Committee received the Wales Audit Office Report 'Delivering with Less : Leisure Services'. The Audit Committee felt it was important to bring this report to the attention of the Economy and Culture Scrutiny Committee. The letter written by the Chair of the Audit Committee is attached as **Appendix D1**, the Audit Committee report is attached as **Appendix D2** and the Welsh Audit Office Report is attached as **Appendix D3**.

28. The recommendations made within the Wales Audit Office report in relation to the delivery of Leisure Services, are as follows:

R1 - Improve strategic planning in leisure services by:

- setting an agreed council vision for leisure services;
- agreeing priorities for leisure services;
- focussing on the council's position within the wider community sport and leisure provision within the area; and
- considering the potential to deliver services on a regional basis.

R2 - Undertake an options appraisal to identify the most appropriate delivery model based on the council's agreed vision and priorities for leisure services which considers:

- the availability of capital and revenue financing in the next three-to five years;
- options to improve the commercial focus of leisure services;
- opportunities to improve income generation and reduce council 'subsidy';
- a cost-benefit analysis of all the options available to deliver leisure services in the future;
- the contribution of leisure services to the council's wider public health role;
- better engagement with the public to ensure the views and needs of users and potential users are clearly identified;
- the impact of different options on groups with protected characteristics under the public sector equality duty; and
- the sustainability of service provision in the future.

R3 - Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:

- capital and revenue expenditure;
- income;
- council 'subsidy';
- quality of facilities and the service provided;
- customer satisfaction;
- success of 'new commercial' initiatives;
- usage data – numbers using services/facilities, time of usage, etc; and
- impact of leisure in addressing public health priorities.

R4 - Improve governance, accountability and corporate leadership on leisure services by:

- regularly reporting performance to scrutiny committee(s);

- providing elected members with comprehensive information to facilitate robust decision-making;
- benchmarking and comparing performance with others; and
- using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.

## **Way Forward**

29. Councillor Peter Bradbury (Cabinet Member; Community Development, Co-operatives & Social Enterprise) has been invited to take part in the meeting. At the meeting Members will have the opportunity to question the Cabinet Member and supporting officers on the proposals. Members will also have the opportunity to consider the views of trade union representatives, and ask them any questions which they feel will support the scrutiny.

## **Legal Implications**

30. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.



## **Financial Implications**

31. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATION**

The Committee is recommended to:

- i. Note the contents of the attached reports;
- ii. Consider whether it wishes to make any comments to the Cabinet to take into consideration when it considers this subject at its meeting on 27 July 2016.

**David Marr**

**Interim Monitoring Officer**

**15 July 2016**

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## APPENDIX 1

scrutiny



# ALTERNATIVE OPERATING MODELS IN LEISURE AND CULTURAL VENUES

## SCRUTINY VIEWPOINTS FROM THE ECONOMY AND CULTURE SCRUTINY COMMITTEE

### ON 8 QUESTIONS RAISED BY COUNCILLOR PETER BRADBURY

**9 MAY 2014**

#### **1 Introduction**

Economy and Culture Scrutiny Committee, Chaired by Councillor Craig Williams, is pleased to have been invited by the Council Leader and Cabinet Portfolio Member Councillor Peter Bradbury to contribute enhanced pre-decision scrutiny support to the draft Cabinet report being considered by Cabinet at their meeting on 15 May 2015.

In recent months three Members of this Committee (Councillors Chris Weaver [Inquiry Team Chair], Dilwar Ali and Nigel Howells) have been working to develop their Inquiry into Alternative Operating Models in Leisure and Cultural Venues.

The Inquiry's original terms of reference included extensive research and good practice visits, and also gleaning the views of the public. In so doing, the Committee planned to report to the Cabinet with the benefit of a wide basket of information to assist future service planning.

During the 2014/15 budget process, however, the scale of the immediate financial challenge facing the Council became clear, as did the need to generate savings in the immediate future. A target of £300,000, for instance, was set to be achieved by 31 March 2015 through savings generated via an alternative operating model for the New Theatre and / or St David's Hall. And while the Cabinet chose not to propose closure of any of the Council's leisure facilities during 2014/15, it has become clear that enduring financial constraint facing local government revenues for the foreseeable future would make it difficult to avoid uncomfortable choices in future budget rounds.

As a result the newly-appointed Council Leader Councillor Phil Bale asked, as part of his co-operative vision for the Council, if the Inquiry team could play a more dynamic and timely role in contributing their thoughts to a paper being tabled at Cabinet's 15 May meeting. The paper would consider – on the basis of recommendations from a report commissioned from Max Associates (a specialist advisor in the area of alternative management operation in the leisure sector) – proposals for the future management operation of the city's leisure and cultural facilities.

In a spirit of co-operation and wishing to be relevant to the urgent needs of the organisation, the Chair and Inquiry team consented to support the pre Decision scrutiny of this Cabinet report by holding two additional meetings of the task and finish group in late April and early May to consider their potential provision of a "Scrutiny Appendix" to the draft Cabinet Report. Committee also invited Councillor Peter Bradbury, along with Chris Hespe and colleagues to their Committee meeting on 8 May 2014 to provide formal pre-decision scrutiny of the draft Cabinet report. At this meeting Members agreed to compile the report below to represent Committee's feedback to eight key questions raised by Councillor Bradbury that connect closely with this agenda. These questions are:

- 1. Financial surety versus delivery of social objectives - where we might sit on a spectrum, and how much room for manoeuvre there might be.*
- 2. Financial surety versus quality of provision - how much of a "blue chip" operation the Council wishes to deliver / can afford to deliver.*

3. *How much control the Council would wish to exercise over the operations of a third party provider.*
4. *Capital resourcing requirement - whether the Council would prefer to provide capital investment itself to potentially secure a better revenue "deal", or whether it would prefer a provider to meet these capital costs.*
5. *How much community involvement the Council would wish to assure through the process - eg through social enterprise / trust.*
6. *How much risk the Council would prefer to transfer to an operator, and how much it would wish to retain for the Council to bear.*
7. *The level of protection the Council would wish to afford to existing staff through the process in the short and medium term.*
8. *Are any particular models of operation generally preferred by the Council?*

Given the unanticipated change in tack the Inquiry has taken, Members would like Cabinet colleagues to be aware of a number of constraints they feel should be placed on the advice they have been able to provide. These constraints are listed below, but it is hoped that notwithstanding these constraints the advice will be of benefit.

The information below provides Committee's general thoughts on how the Cabinet could best approach this agenda, and specific responses on the eight above questions.

## **2 Background**

The Economy and Culture Scrutiny Committee's Inquiry came about following Committee's work programming forum in July 2013, when the newly appointed Director of Sport, Leisure and Culture Chris Hespe advised Committee that – given current and foreseeable challenges to Council funding – imaginative and innovative approaches to the future management of the Council's leisure and cultural venues would be critical to retaining the widest and best possible range of services for residents and visitors.

As well as providing an important role as “critical friend” and holding decision makers to public account, scrutiny has the opportunity to harness the talents, experience and enthusiasm of cross-party back bench Councillors in providing useful views on a range of current Council priorities. By identifying best practice through research and visits, and taking on board the views of informed stakeholders and the general public, Scrutiny Members can feed authoritative advice into the policy development process so that Cardiff Council can make the best possible decisions, ensure the best possible outcomes, and secure the best possible engagement.

In the process of conducting their Inquiry, Members have heard evidence from Cabinet Members, senior Council officers including legal specialists, experts at the WLGA and Sport Wales. A visit to Bridgend enabled Members to meet responsible Council Members and officers, and to meet Halo Leisure Trust, a social enterprise established to manage leisure facilities on behalf of local authorities (including Bridgend Council), with the purpose of reinvesting any surpluses generated back into those authorities' leisure networks.

A meeting was also held with Parkwood, a business which (amongst other contracts across the UK) manages leisure facilities in the Vale of Glamorgan on behalf of the Vale of Glamorgan Council, and the Cardiff International Pool. Parkwood have also recently developed a niche in the management and operation of arts venues in England.

### **3 Suggested Constraints to the Advice Provided Below**

The Inquiry team and wider Committee Membership recognise five constraints to their current capacity to fully inform the Cabinet report:

- a) Given the complexity of these agendas and the level of expertise required, Committee would have liked to be able to receive further evidence and research data to fully form strategic and legally and financially robust key findings and recommendations;
- b) The speed with which this opportunity has arisen has offered limited time to appropriately evaluate the balance of financial savings and social benefits that might be deemed appropriate;
- c) The Committee had only benefited from sight of the draft Cabinet report or report from Max Associates a few days before its 8 May Committee meeting to inform its consideration;
- d) During this timescale the Inquiry team has only been able to meet or research a limited number of operating models and providers. Committee recognise that any procurement exercise must be conducted in a totally fair and transparent way that will deliver the best range of benefits to the Council, while giving each interested party a fair opportunity to bid for contracts. Any references to specific existing providers below implies no preference to any particular model or provider.
- e) The Committee recognises that for Scrutiny to continue to provide impartial and “critical friend” advice to the Cabinet on this matter it needs to retain its independence to enable it to be able to hold the Cabinet to account for the future decisions that it makes. Members were grateful to hear Councillor Bradbury clearly assert at their Committee meeting on 8 May how much he values that independence, and that this was a genuinely motivated desire to work collectively across the Council’s political spectrum to find answers to difficult questions with long-term significance facing the Council.

## **4 Committee's Overall Views On How Cabinet Can Best Approach This Agenda**

Many of the eight questions posed revolve around making similar judgements about the balance that the Council should take between financial necessity/achievability on the one hand, and the delivery of positive social, environmental or economic outcomes on the other.

In the timescale available for Members to form judgements on these matters there has been inadequate time for the Members to acquire enough technical mastery of the subject area to reliably or authoritatively reach evidence-based key findings that will clearly advise the Cabinet.

For Members to be able to authoritatively judge these issues they would need to understand factors currently outside their knowledge, such as:

- The overall level of financial challenge facing the Council, and the kinds of judgements that the Cabinet are likely to form around their priorities for taking the Council forward in coming years;
- The level of ongoing financial challenge in the external environment that will impact on the revenue allocation reaching the Council through Welsh Government, Council Tax and income;
- An understanding of how much capital risk the Council's Section 151 Officer would advise was acceptable for the Council to bear.

An easy position for Scrutiny to take, therefore, would be the view that in an ideal world the Council would wish to maximise customer service, asset maintenance, social objectives and quality of provision, and to take on as much risk as it possibly could itself in the short term to maximise long term gains for the Council. It was felt that this would be an abdication of responsibility at a time when sustainable and achievable hard decisions need to be taken. It is clear that this is a far from "ideal world".



An alternative approach would be for the task and finish group to hedge its bets and caveat everything it said with a counter argument. The group felt that this would be of little benefit to the Cabinet, which is faced with taking important and difficult decisions where there is probably no empirically correct answer.

A third approach might be to seek to “race to the bottom” by prioritising profit and cost-reduction to the exclusion of all other benefits. It is clear that Cardiff’s highly popular and well-appointed fleet of leisure and cultural facilities provides a massive range of benefits to individuals, communities and the city and as whole. These in turn contribute to the delivery of a spectrum of Council priorities, from physical and mental health to quality of life, skilling and confidence building, economic vitality, social and community integration, civic promotion, inward investment, sustainability and many more. Members feel that prioritising short-term savings would come at a cost in delivery against these priorities.

The Group has chosen to avoid each of the three above approaches by accepting responsibility for a clear “in principle” preference. Our key findings are that:

- a) On the basis of evidence received from officers, an understanding of the Council’s budgetary situation and by observing external economic trends, it seems clear that continuing to aim to deliver and manage in-house leisure and cultural services in an environment where there may be no central revenue provision whatsoever from the Council within five years is likely to be an unsustainable position to take. While excellent work has been undertaken by staff to reduce overheads and maximise income (thereby reducing subsidy levels to a degree), the time has come to take the “quantum leap” forward that can be achieved by the tax advantages available through National Non Domestic Rates (NNDR) and VAT possible through working through a trust. Consequently, alternative management options need to be progressed as a matter of urgency.
- b) In principle, an arrangement with a third party whose aims were based around social and community benefits and reinvestment of surpluses into positive social aims would be preferable to working with a third party whose business model was predicated on distributing surpluses to commercial shareholders.

- c) Regardless, however, of whether the Council chose to work with a commercially or a community motivated third party, the Cabinet has the potential to clearly articulate and specify the kinds of benefit it wishes to deliver into a management agreement, and the clearer the Cabinet can be about its wants and needs the better the outcomes will be for our citizens.
  
- d) A suggestion to achieve this is that – rather than seeking to specify financial benefit as the exclusive priority and to seek the most financially advantageous arrangement – the Cabinet conducts mature and challenging discussions between Portfolio leads and with the Chief Executive and Section 151 Officer to understand what minimum level of financial savings through an alternative management model would be deemed necessary to support the Council's medium term financial position. Once clear assumptions about that financial quantum and its associated risks could be agreed, Cabinet will be able to approach the market with confidence, knowing that any additional sums likely to result from partnership with a third party can be ring-fenced into the future wellbeing of the city's leisure and cultural assets.
  
- e) As awareness emerges of the likely “comfort zone” to be derived between the minimum level of savings required and the level of investment potentially available from the market, further discussions can be held prior to detailed contract specifications being consolidated to determine options on how that quantum will be divided between social benefits, asset maintenance, customer service and other desired outcomes. However, in the short term continued effort should be invested to begin modelling these options, so that the Council is able to be agile in making effective and appropriate decisions in the challenging timescale identified that is required to make targeted savings for the 2014/15 financial year.
  
- f) Committee is aware of the Cabinet Member's inherent philosophical preference for Council services to be delivered in-house. He was, however, clear in communicating that this personal view would not cloud or determine his judgement as the procurement exercise moved forward. Members encourage the Cabinet Member to secure the best possible outcome for the citizens of Cardiff, skilfully balancing a range of equally important priorities.

## **5 Specific Responses To The Eight Questions**

### **a) Financial surety versus delivery of social objectives - where we might sit on a spectrum, and how much room for manoeuvre there might be.**

As stated above, Members feel that overall planning should initially be undertaken within Cabinet around a minimum level of saving that is required from any revised management operations in leisure and culture. Once these financial assumptions have been built into the model, the Council should go to the market and assess what is potentially available. The differential between the minimum saving level required and the maximum level of income achievable through partnership with a third party will provide the quantum for further discussions around how this differential should be divided into the range of benefits prioritised by the Administration.

Although at first consideration social objectives might be seen to be more likely to be achieved through an organisation that does not have profit as its main objective, the task group has learnt that providers of differing operating models can deliver on social benefits – and even within the same model there are differences of outcome. Whichever model was chosen, careful specification, appropriate monitoring arrangements and active involvement are essential to optimise outcomes right through the contract period.

It is recognised that the Council is at a point of financial constraint, and must be realistic about its capacity to increase current levels of social inclusion through differential pricing. The MAX Card has been a successful and long term initiative to make leisure affordable to people on lower incomes, and a number of social inclusion projects have been developed over time to make facilities more relevant to disadvantaged communities. It is clear, however, that there is still expectation on the Sport, Leisure and Culture Directorate to further widen participation in healthy exercise.

Members need to be honest that there will be a cost to the delivery of social benefits. External providers will be used to working with differential pricing policies specified by local authorities, and the offer they can make the local authority will be shaped by the specification.

Careful and detailed risk assessments should, therefore, be undertaken to shape how to protect, enhance or reduce the current level of social provision being enabled through leisure centres, which currently host a wide range of lower priced access to neighbourhood learning, social services teams, exercise GP referral, youth services, neighbourhood partnership activities and much more being made through formal and informal arrangements. While a culture of internal trading has been established over many years, once management of facilities is formalised into contract specification with external providers this level of informal partnership and co-operation will be much more difficult to achieve – or it will come at a cost. Equally, assumptions that Councils might have made about them being able to use leisure centres as rest centres at times of emergency free of cost will be challenged in a new contract-driven environment.

Turning to the cultural arena, as Members heard at their Budget Scrutiny meeting on 10 February 2014 and which Councillor Bradbury actively contributed to as a Member of this Committee, two less visible aspects of the work of St David's Hall are the community and educational benefits stemming from its volunteer arts programme Arts Active, and the way it fosters creative talent and cultural entrepreneurialism through agencies like Arcomis. Following that meeting Members wrote to Councillor Patel to stress that these aspects need to be clearly protected when specifications are drawn up for any future operating model for the Hall.

**b) Financial surety versus quality of provision - how much of a "blue chip" operation the Council wishes to deliver / can afford to deliver.**

Committee has heard on numerous occasions over the past few years that key to the recent success of Cardiff leisure services in reducing its operating deficit has been its ability to offer the latest in leisure trends to its customers. Leisure is a highly competitive and trend-based industry, and customers with the most actively engaged leisure customers with the greatest spending power will be drawn to the latest product developments to maintain their levels of interest. Some of this revolves around investment in equipment (spin cycling being a recent example), which bears a cost. Even the aspects that revolve around imaginative programming of the latest exercise classes require a degree of investment in staff training, marketing and attracting the best instructors.

The Inquiry team does not have any evidence to suggest that there should be any intrinsic difference between the level of service and product generated from a private sector supplier or from a social enterprise. What was critical is that the Council clearly specifies the levels of product and customer service required into any specification, and plays a very active part in monitoring and partnering with any appointed contractor to ensure that these are met.

The Inquiry team has established, for instance, from their visit to Bridgend that on appointment as contractor to Bridgend Council Halo / Greenwich Leisure Limited had invested heavily into ensuring a high quality of provision. Parkwood Leisure also clearly articulated that for them to maximise income from any arrangement they need to ensure the highest possible levels of product development and customer service to retain loyal customers and ensure their competitive advantage. Members would be confident that contractors will have a vested interest in maintaining high levels of quality at our facilities, or they will lose revenue to the plethora of local private gyms now operating across Cardiff.

Turning to culture, and specifically to St David's Hall, it is recognised that there is a wider spectrum of programming possibilities, reflecting a wider range of financial return and risk. But it is essential that the Cabinet's planning is predicated as far as possible

around the need to preserve the long term integrity of the National Concert Hall of Wales as a centre for musical excellence that has helped take Cardiff's reputation to the highest international stage through the Cardiff Singer of the World and leading orchestral programmes. It is hard to overstate the measurable and less tangible contribution to the city's economic benefit in framing Cardiff's offer as a European quality of life city that future leaders would like to move to, and which is ripe for inward investment.

As stated below, to retain the prestige international quality of this programming, external partners like the Arts Council and Welsh Government should be encouraged to assist the Council as the local authority's revenues become more sparsely shared across numerous important portfolio priorities.

**c) How much control would the Council wish to exercise over the operations of a third party provider?**

The Inquiry team heard that contractors find active participation in the ongoing management arrangements by the local authority highly desirable, as they add capacity and ownership, increase promotion and are more likely to lead to wider participation by communities. The providers met by the Inquiry team have structured arrangements in place to govern the management of facilities, and in the case of Bridgend the Cabinet Member and Scrutiny Chair were both trustees of the local trust established to shape arrangements there.

Members need to understand, however, that there is a difference between strategic shaping and micro-management. WLGA advised the Inquiry that the Council would need to build a genuine partnership that works as well for the contractor as it does for the client, and inherent in this is a ceding of some control over areas previously entirely controlled by the local authority.

Essential to manage this is very careful early consideration of as many eventualities and occasions that might present risks to the relationship between the Council and a prospective contractor, and for these risks to be explicit up front in any contract specification to avoid nasty surprises once contracts were signed. Equally, as unexpected circumstances always arise in any relationship, a degree of comfort could be achieved by building in appropriate break clauses and review opportunities into contracts.

It is important to remember that an external partner is just as likely to have concerns about unexpected change during the term of a contract as might be held by the local authority. An illustration of the flexibility required by a contract was gained when the Inquiry Team visited Bridgend Council, and learnt that in the middle of the contract to run Bridgend Leisure Centre Halo were asked to consider an amended specification to allow for a library to be incorporated into the leisure centre, with the consequent risks to loss of income through reduction of available leisure activity space that this brought.

It is understood that a standard arrangement was for a contract period of 10-15 years, possibly longer in the arts arena. This was considered appropriate by Members, even

in the context of the Williams Commission Review and the potential for local government reorganisation in years to come. Officers reassured Members that it would be operationally expedient for two or more contracts with different providers to be effectively managed alongside each other, and that current operational arrangements in Cardiff and the Vale of Glamorgan need not shape the Council's procurement planning over the coming period.

Given the massive rate of change continually evolving in Cardiff, anticipated levels of population growth and in particular policy developments such as the Council's Community Hubs agenda, it is hard to imagine that our stock of buildings will remain unchanged over 10 to 15 years, and skill will need to be invested in developing sensitive and flexible contract specifications that take account of this.

Looking to the long-term horizon, one Member inquired as to what intelligence was available on what future shape of management usually ensued for facilities on the expiry of the first contract period. Underpinning this question was a fear that it might be more likely for facilities to be privatised on expiry of the first 10 to 15 year management period, than being brought back under local authority control. Members are clearly aware of their role in being stewards of the long-term wellbeing of the people of Cardiff. While it was not possible to provide this information to Committee as it was not perceived that adequate research had been undertaken nationwide, the Director of Sport, Leisure and Culture cited the experience of CCT (compulsory competitive tender) during the late 1980s as the main comparator. Some authorities were more inclined to support outsourcing of leisure facilities, while others (like Cardiff) made great efforts to ensure that in-house Direct Service Organisations were able to successfully compete for contracts. The experience of Cardiff is that facilities are now back under direct local government control, but that uncertain economic and political factors can have a major and unpredictable impact on these arrangements over time.



**d) Capital resourcing requirement – where on a spectrum the Council should stand between preferring to invest in capital costs itself to potentially secure a better "deal", or whether it would prefer a provider to meet these capital costs.**

Members understand that Cardiff already has a good “product” which has enjoyed significant investment levels over successive administrations. As such, it will be a more attractive proposition to a prospective management contractor than if facilities had not received this ongoing renewal. An obvious conclusion to this question, therefore, is that the Council will continue to benefit from strong capital investment in its stock of leisure and cultural buildings – which will remain the property of Cardiff Council for years to come, whatever future model of management operation is agreed.

The Inquiry had heard that prudent investment in asset renewal in recent years in Cardiff (notably at New Theatre, Western Leisure Centre, Maindy Pool and Penylan Community Centre, but generally across the city’s leisure and cultural estate) by the current and former administrations has placed Cardiff in an agile position to exploit as far as possible its range of well-appointed facilities as an attractive market proposition.

However, Committee understands that St David’s Hall and several of the city’s leisure centres are reaching a point where reasonably extensive asset renewal in infrastructure is required.

While some third parties will be prepared to make their own capital investment in infrastructure – there were some caveats to this, as follows:

- Some external providers will be prepared to take on a “full repairing lease” to assume all risk for asset maintenance, including roofs, drains and electrical / mechanical plant (especially for longer contract periods where the contractor will see a clearer benefit to making investment early in the contract period), but many will not.
- Even those that do will prefer to only assume this responsibility on newly built assets, rather than aging ones.

- Given its stability and size, the Council can generally borrow prudentially at better rates than third party investors. Commercial partners may provide short term cash injection through capital investment, but over the term of a contract the Council may lose out through management debt repayment charges.
- It would be unwise, however, for the Committee to assume that the Council will be willing to take on limitless capital borrowing, firstly as capital repayment costs might undermine the Council's revenue position and overall financial stability, and secondly as the Cabinet may have other quite appropriate views on other priorities for its limited capital borrowing capacity. It was felt that advice from the Section 151 Officer would be helpful, and that it is more a matter for Cabinet than for Scrutiny. Even within the Scrutiny sphere it is more the province of Policy Review and Performance Committee than for Economy and Culture Scrutiny Committee to deliberate.

As regards St David's Hall, It is clear from evidence provided that initial ideas around the feasibility of bolting on a new concert hall to any mooted International Convention Centre or Indoor Arena are not currently being prioritised, as they would add complexity and cost to what is already an ambitious venture. Commitment to the current city centre venue – challenged as it is by its age and current infrastructure – is still therefore essential.

Committee heard from the Cabinet Member and Director that – outside of any management arrangement with an external contractor - other bodies would be encouraged to assume their own share of responsibility for the renewal and regeneration of what is after all National Concert Hall for **Wales** rather than just for **Cardiff**. These might include the Arts Council of Wales and Welsh Government, but other national producing organisations associated with the Hall might also be approached to support its journey.

**e) How much community involvement the Council would wish to assure through the process - eg through a social enterprise / trust.**

Members noted from Chris Hespe's presentation at their 8 May meeting that an emerging "fourth priority" for potential bidders in any future procurement process was around the level to which the public could have a say in the future delivery of services. This seems to chime with the Leader's Co-operative vision for this Council, and reinforces evidence heard earlier from Parkwood Leisure that active customer participation was crucial to getting the offer right for local people, and therefore optimising participation rates.

It is clear that active participation by users can have huge benefits. Committee's work with Cardiff Riding School over the past year has helped Committee understand how useful an organisation like the Friends of Cardiff Riding School can be in providing access to external funding, as well as the sheer number of volunteer hours in the life and work of the School. Members can see that this active participation may be more easy to generate and sustain in smaller or more sport-specific leisure facilities such as Maindy Velodrome (where users and their parents may see that they can play a big part in supporting staff and can relate closely with the building and product) or in the cultural arena where "Friends' Groups" have traditionally been encouraged. It may be less relevant in the operation of the larger leisure venues, which are significant enterprises requiring complex and regulated processes to ensure safety and quality.

Members of the task and finish Inquiry have heard numerous cautionary tales, for instance from WLGA and wider afield, of authorities who have worked to set up their own arms-length community trusts which have failed and required "bailing out", possibly through inadequate initial capitalisation, or through a natural and understandable process of initially-enthused volunteers becoming "burnt out" over time. By contrast, community trusts like the Greenwich Leisure Trust backing Halo's operation in Bridgend and elsewhere is significant in its scale and capitalisation, and financially robust. While the concept of a locally established trust is a laudable one and should not be ruled out, Cardiff's own experiences with the Channel View and STAR Centre trusts should serve as a clear illustration of the potential risks involved, and all due diligence and careful financial modelling should be undertaken before venturing into this risky area again. Any decisions made by the Council must be hard-nosed and robust in the long-term,

and citizen involvement should be seen as an important by-product of a relationship with a third party, rather than its central motivation.

Members recognise that some efforts have already been made to engage citizen views on Council investment in cultural facilities through the 2014/15 budget consultation held in February. This Committee heard extensive evidence itself from Arcomis, the trustees of Sherman Cymru and of Cardiff Story Museum, and a long-term volunteer at St David's Hall on the risks to the Council of reducing its commitment to cultural provision.

The Committee also noted from Councillor Bradbury at its 8 May 2014 meeting that the forthcoming "Cardiff Debate" will feature a "Cultural Conversation" with leading Welsh and local arts organisations, and from Chris Hespe that focus groups will be held with current users of leisure facilities to gauge their views on the agenda of alternative management operation. Clearly the Committee wishes to support the widest and most inclusive conversations possible. It is recognised that many users will not have strong views on who actually manages the facilities, but any potential implications for their future enjoyment of our leisure facilities from these proposed changes should be clearly explained. It will also be important to focus attention on harnessing the views of current non-users so that the Council can continue to widen the appeal of its current leisure offer to individuals who do not currently use our facilities. In many ways, it is the opinions of these people who the Council most importantly needs to hear.

It was pleasing to hear at Committee on 8 May that – while procurement arrangements would need to develop apace to achieve savings target in the short term – there would be no cutting of corners in ensuring that arrangements were inclusive and professionally arranged. As the procurement process would be likely to involve "competitive dialogue", there is a degree of comfort that citizen feedback from the Cardiff Debate on these matters in coming weeks can still inform the procurement process.

**f) How much risk the Council would prefer to transfer to an operator, and how much it would wish to retain for the Council to bear.**

Members feel that they have extensively explored these issues in their answers to other questions, particularly in relation to capital expenditure and quality of programming, and there is no need to add to the length of this report by restating points made elsewhere.

As a general point, however, there is a cost to risk, and whichever party is asked to bear it in the short term, at the end of the day it is the Council that will be paying for this risk. In principle, therefore, the Committee felt that the Council should bear as much of the risk as it is able to feasibly and sustainably bear.

**g) The level of protection the Council would wish to afford to existing staff through the process in the short and medium term.**

The fundamental finding reached by the Inquiry team on this matter is a judgement that retaining in-house management and provision is no longer a sustainable option for the Council. It is likely to lead to the need to close facilities in future budget rounds, with the consequent loss of staff through redundancy. This is a deficit model the Committee wishes to avoid.

However, the Committee shares with the Cabinet Member his wish that staff are supported, protected and included in every way possible during a period that will naturally be unsettling, and when they will have concerns about the impact on them. Members were pleased to see in the presentation received at Committee on 8 May that one of three identified priorities for bidders would be “*ensuring the best deal for staff within strategic context*”, and to hear that Chris Hespe had held a productive meeting with trades union representatives earlier that day. Their involvement will be critical as an interface between management and staff.

Staff should assume that they would enjoy initial TUPE (Transfer of Undertakings [Protection of Employment] Regulations) during any transfer to a third party contractor, on their current pay and conditions. The Inquiry believes from what it has heard that under the operation of some contractors staff who subsequently move into new roles (for instance on promotion or taking on a subsequent new post within the organisation) then transfer onto the company’s own terms and conditions. It was suggested that the dynamics of these arrangements might vary from contractor to contractor, but Members would like to see further research undertaken to fully understand this complex area.

The Inquiry heard a variety of third party operating models asserting that they wish to ensure the very highest level of investment in staff training to guarantee optimal customer service and effective management (and consequent income). Parkwood, for instance has its own management graduate trainees and Staff Academy, training employees to varying levels of accreditation.

Committee is aware of the Cabinet’s commitment to the Living Wage, and the potential for commitments on the Living Wage to be specified to third party contractors through

which the Council procures its services. Committee would see this as an issue for the Council to consider as part of any procurement exercise connected with this agenda, and to carefully plan any financial commitments arising from any such priority it might wish to deliver.

Staff currently working within the actual facilities may feel most “in scope” to these changes, but less clear at present is how many central staff working in support services might be impacted by the drive to reduce central support costs. Committee cannot argue with current financial realities, and recognises that the organisation is ultimately accountable to the citizen for its most efficient use of management and back office resources. We feel, however, that it is important to properly account for the implications of this drive on employees in central services who may be currently less clear that they could be impacted in the future by any reduction in current demand for central support, and communicate with and involve them appropriately.

The Inquiry has not yet had time to research and advise on the feasibility of existing staff coming forward with proposals to establish a mutual. The Inquiry team and wider Committee would not wish, however, for a mutual of staff to be ruled out, and should a proposal be made, they would like the Director and Cabinet to agree to provide detailed information and support to staff preparing that proposal for consideration. Committee could potentially see this being more of a realistic proposition in the cultural arena than in the leisure arena, given the relative lack of local competition and the fact that the cultural offer is mainly provided through just two buildings.

## **h) Are any particular models of operation generally preferred by the Council?**

The view taken by the Committee is formed specifically bearing in mind the current financial situation and the effect that is likely to have on the sustainability of in-house provision of leisure and cultural services.

Members of the Inquiry group had no objection to services in either area remaining in-house if that were financially feasible. They did not, however, feel there was evidence that this would be sustainable given current financial circumstances – or at least not without significant loss of services.

As stated towards the top of this report, provided that it did not have an unmanageably negative financial impact, in principle the Committee would see that working with a partner organisation driven by social goals (such as a trust or social enterprise) would complement the Council's working ethos and overall aims.

Members were also advised that working with an external non-profit distributing trust could also open up for the Council the potential for leveraging in sources of external finance that might be currently unavailable to the local authority.

Although this is seen as a "political" preference (with a small "p" as Members representing different political groups within the Council were able to coalesce around this preference) this report does not suggest that there is any particular inherent value or superiority in any particular kind of external model.

For instance, while Halo (which contracts for Bridgend Council) is a not-for profit organisation and social enterprise that invests surpluses back into the local operation, working with the substantial Greenwich Leisure Trust. Parkwood Leisure (as a private organisation which distributes profits to shareholders) also operates in partnership with the Legacy Trust, an established trust and charitable organisation which it is believed is equally able to take advantage of both NNDR and VAT benefits.

Members noted the advice of MAX Associates that two separate procurement packages should be drawn up – one for arts and one for leisure. Members also considered the Council's wider needs to generate savings in areas like social care and waste, and the



experience of some local authorities (for instance Norfolk and Cornwall) in establishing arms-length trading companies that adopted a much wider portfolio of services, and whether it might be more prudent and financially advantageous for the Council to bundle up its leisure and cultural provision – possibly even with other services currently delivered by the Council – into a larger single procurement bundle.

While recognising that the organisation is seeking to work as “One Council” and is currently dismantling a range of institutionalised silo working arrangements, Members feel that significant work still needs to be done in terms of long-term service planning before such economies of scale can be realised. There is a consequent risk of delaying the implementation of new operating models for specific services that are required now.

Members also understand that while there are some providers such as Parkwood who are able to manage both leisure and arts provision through separate management arms, there are many others who specialise in just one aspect of provision. Members considered that bundling arts and leisure into just ONE procurement package might unnecessarily limit the Council’s potential to receive attractive propositions from these specialists, and would support the intention of going out with two procurement packages.

Members also set this discussion into a historic local context. Decision makers in former administrations could for understandable reasons not have predicted that the recession and changing economic context would impact on local funding as it has during the past six years, and naturally chose to continue providing in-house managed leisure and cultural services. Had it been possible to look into the crystal ball at this time, there might have been value in exploring this agenda back then, and potentially developing the Council’s own in-house trust which could have bid for other public sector leisure contracts across South Wales to gain financial critical momentum and resilience. Sadly, most of those authorities have now progressed their own options for leisure, and the room for developing a successful in-house contracting organisation has been significantly curtailed.

In terms of planning for the future, Members noted with regret that there are no established strategies in place for the future planning of either leisure or culture in Cardiff, and urge that these are developed urgently, possibly in harness with the

proposed procurement programme and “Cardiff Debate” in coming months. The Council’s Local Development Plan posits significant levels of population growth in different parts of Cardiff up to 2026, and without such agreed and structured planning arrangements in place, it will be difficult for the Council to reach confident judgements on whether it feels it is currently over-provided or under-provided with leisure and cultural service both at a city-wide and at a neighbourhood level.

These judgements will be essential to ensure that equitable levels of provision are planned into future Council budgetary rounds and infrastructure development, and the ongoing arrangements for the management operation of leisure in Cardiff.

## **6 Conclusion**

In conclusion, the Members of Cardiff Council's Economy and Culture Scrutiny Committee (Councillors Craig Williams, Dilwar Ali, Gareth Holden, Nigel Howells, Mohamed Javed, Georgina Phillips, Chris Weaver and Darren Williams) hope that the contents of this report will assist Cabinet in taking this important agenda forward.

We have been impressed with the energy with which the three Members of the Inquiry Team (plus our fourth original Member – Councillor Peter Bradbury prior to being invited to join the Cabinet) have invested in this Inquiry.

Committee would like to thank the Cabinet Members, officers and particularly the external witnesses and providers who volunteered their time to meet us, and the scrutiny staff who worked hard to make this report possible.

We will be pleased to continue to advise Cabinet within our capacity, and taking into account the constraints articulated above.

This process of contributing to the draft Cabinet Report has caused us to deviate from our Inquiry's original terms of reference, and we feel that we need to re-evaluate where best to take this work forward in consultation with the Cabinet Member and officers. In particular, we feel that there is work for us to do in helping shape (as appropriate) the contract specifications and risk planning. Critically, given our roles of representing the views and concerns of the public and of holding the Executive to account, we would wish to be involved in consultation arrangements and any future pre-decision scrutiny of future decisions being made by Cabinet in this area.

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Dyddiad / Date: 26 November 2014



Councillor Peter Bradbury  
Cabinet Member: Community Development, Co-operatives & Social Enterprise  
City of Cardiff Council  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW

Dear Councillor Bradbury

**ECONOMY AND CULTURE SCRUTINY COMMITTEE INQUIRY – ALTERNATIVE DELIVERY MODELS IN LEISURE AND CULTURAL VENUES – 19 November 2014**

I am pleased to provide you with views of the Members of the Task and Finish Inquiry focussing on Alternative Delivery Models in Leisure and Cultural Venues following the meeting that took place on 19 November 2014.

The Members of the Inquiry are pleased to note that our previous input on this project has been considered, and it is clear that previous discussions and suggestions have been taken on board by yourself and the project team. Given the pressure that officers are under to achieve savings and proceed with the tender process, we are particularly glad our input had not been disregarded.

We would like to extend our thanks to the officers who attended the meeting, and it is clear to us that the project team is prepared, assured in what they are undertaking and have a vision for the future of Leisure and Cultural services in Cardiff. It was evident that officers are well informed on work that is ongoing elsewhere across the country and that significant market testing has been undertaken in relation to the procurement exercises, allowing the project team to gauge the level of interest in the Lots available and to anticipate the bids that are likely to be received.

The Members recognise the fact that the Council is looking towards a net zero subsidy for the services, and can see that this is being driven by wider budgetary pressures on the service. While we welcome this aspiration, we would not insist that this result is achieved if suitably attractive bids are received that do not provide a net zero subsidy position for the Council.

The Members of the Inquiry welcome the focus that is to be placed on the achievement of desired outcomes when evaluating the bids received, rather than the Council being overly prescriptive with the specifications that bidders must satisfy. As outlined by officers, we believe that this approach will enable innovation from the market and allow bidders to outline new opportunities and options for service delivery. We feel that this approach will provide scope for a range of bidders to be taken through the first stage of the procurement exercise, if not further through the process.

We welcome the approach that has been taken within the Leisure Facilities procurement, with four separate Lots available for bidders and feel it is clear that officers have put considerable thought into this Lot allocation. We feel the three single facility Lots will provide the opportunity for smaller operators/organisations to participate in the procurement, which would not been possible had the Council gone with fewer, larger Lots, while at the same time retaining a more substantial Lot that will be attractive to larger organisations.

Members were interested to hear about the use of the in-house service provision as a benchmark throughout the process, and welcome the fact that the Council's provision of services is still being driven to reduce costs and improve quality of service. We were informed that if the Council's provision remained competitive late into the procurement process it would be considered as a viable option. Members are keen to stress that we would welcome the retention of the service if the Council's service provision is found to compete with the options provided by the wider market.

As discussed with officers at the meeting, we would welcome the consideration of social objectives from service provision within the competitive dialogue process – such as the payment of the living wage to staff, reduced charges for Children who are Looked After and increased access for disadvantaged customers. Members view this as an aspiration and are not requesting the Council takes a prescriptive approach to this within the required specifications, but rather expect this to be considered and explored with bidders as the procurement process progresses, as was assured by officers at the meeting.

Finally, the Members of the Inquiry would like to reiterate the preferences given in the report produced in May 2014, that we would regard working with a partner organisation driven by social goals (such as a trust, charity or social enterprise) as our preferred option. We feel that this approach would provide a natural role for Elected Members and the Local Authority to contribute to the running of facilities, and feel these organisations would better address the social elements of the services provided in Leisure and Cultural facilities. Despite this preference, there is not an expectancy for this to become a limiting factor that rules out any bids received for any of the four Leisure Lots, or in the future Cultural Venues procurement, but rather an area that should be given due consideration through the procurement process.

The Committee welcomes its continued involvement in this project, and trust that our input will prove valuable in informing the specifications and evaluation criteria used through the competitive dialogue process.

Regards,

A handwritten signature in black ink, appearing to read 'Craig Williams', with a long horizontal flourish extending to the right.

**Councillor Craig Williams**  
**Chairperson Economy and Culture Scrutiny Committee**

cc Chris Hesse – Director, Sport, Leisure & Culture  
Malcolm Stammers – Operational Manager, Leisure & Play  
Roger Hopwood – Operational Manager, Arts & Theatre  
Cheryl Cornelius – Cabinet Office  
Members of the Economy and Culture Scrutiny Committee.

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**My Ref:** AUD/IA/JB  
**Date:** 08 June 2016

Councillor Rod McKerlich (Chair)  
Economy & Culture Scrutiny Committee  
City of Cardiff Council  
County Hall  
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Dear Councillor McKerlich

**Re: Delivering with Less: Leisure Services**

At its meeting on the 22 March 2016, the Audit Committee received the Wales Audit Office's national report 'Delivering with Less: Leisure Services'. The report was published on 3<sup>rd</sup> December 2015, which sought to identify the current position and some indicators of good practice.

WAO's comments and recommendations cover the following areas:

1. Public sector ownership and management of leisure provision is changing with the transfer of services and assets to other models of operation, however, decisions have not always been based on robust information
2. Despite a reduction in facilities, budgets, staff numbers and council subsidy for leisure services, the continued impact of austerity presents a risk to the continued provision of services
3. Councils are meeting rising demand for leisure services, but scrutiny and oversight of performance is not always effective

The report concluded that council approaches to delivering leisure services focus on addressing immediate financial challenges, rather than taking a longer-term strategic approach to future provision.

The Audit Committee felt it important to bring the report to the attention of the Economy and Culture Scrutiny Committee, to provide it with an opportunity to consider the WAO report as part of its scrutiny of ADM's. The WAO report contains an End-to-End Options Appraisal Flowchart relating to ADM's, which you may find of interest.

I have included with this letter a copy of the WAO report, along with an Audit Committee report prepared by Christine Salter, Corporate Director Resources.

If you would like to discuss this matter further, please do not hesitate to contact me.

Yours sincerely

**Ian Arundale**  
**Chair of Audit Committee**  
**City of Cardiff Council**

Enc: WAO National Report - Delivering with Less: Leisure Services  
Report of Corporate Director Resources

cc: Christine Salter, Corporate Director Resources  
Ian Allwood, Head of Finance  
Nathan Swain, Principal Scrutiny Officer

**PLEASE REPLY TO:** C/O Internal Audit, Room 344, County Hall, Cardiff, CF10 4UW. Tel: (029) 2087 2809  
internalaudit@cardiff.gov.uk or email: arundale@btinternet.com

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**WALES AUDIT OFFICE REPORT ON DELIVERING WITH LESS –  
LEISURE SERVICES (NATIONAL STUDY)**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 6.1(a)**

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**Reason for this Report**

1. To present to the Audit Committee the Wales Audit Office (WAO) National Report on Delivering with Less – Leisure Services.

**Background**

2. The Auditor General for Wales undertakes national studies across a range of functions and activities of local government. The report on delivering with less in leisure services is a report published on 3<sup>rd</sup> December 2015 which seeks to identify not only the current position but some indicators of good practice.
3. As a result of the WAO's work the Auditor General found that although public sector ownership and management of leisure provision is starting to change with the transfer of some services and assets to other models of operation, such as private sector trusts, strategic decisions on whether to transfer or continue with in-house provision of leisure services have not always been based on robust information or a consideration of all of the options open to councils.

**WAO's Comments and Recommendations**

- R1** Public sector ownership and management of leisure provision is changing with the transfer of services and assets to other models of operation, however, decisions have not always been based on robust information
- Councils are exploring different ways to provide leisure services but decisions are not always set within a clear strategic framework.
  - Not all of the options open to councils have been reviewed when councils have considered changing their leisure services operating model.
  - There are weaknesses in how effective councils are at engaging with citizens when planning changes in leisure provision.

**R2** Despite a reduction in facilities, budgets, staff numbers and council subsidy for leisure services, the continued impact of austerity presents a risk to the continued provision of services

- The amount councils spend on sports and recreation services is falling. Since 2011-12 the number of council staff delivering leisure services has fallen by 14.2 per cent, although some of them have transferred with services to other providers.
- Although councils' income from facilities is being sustained and the level of subsidy required to provide leisure services has fallen significantly, the continued impact of austerity presents a risk to the sustainability of these services.

**R3** Councils are meeting rising demand for leisure services, but scrutiny and oversight of performance is not always effective

- The number of people using council leisure services increased by 3.4 per cent between 2009-10 and 2014-15, although there is a mixed picture between authorities as to how well leisure services are performing.
  - Councils do not always have the right data available to support effective decision-making and are not well placed to monitor and evaluate their approaches to leisure provision to target improvement and ensure that services are sustainable.
  - There is a wide variation in citizens' views on the quality, cost and availability of leisure services
4. The Auditor General for Wales concluded that council approaches to delivering leisure services focus on addressing immediate financial challenges rather than taking a longer-term strategic approach to future provision.

### **City of Cardiff Council Response**

5. Members of the Audit Committee will be aware of the significant challenges that the Council faces in terms of budget reductions and an increasing demand for services. Members will also be aware of the Council's approach to Alternative Models of Delivery and specifically the work in respect of the Leisure Service.
6. The specific recommendations arising from the WAO Report will be reviewed to ensure that where appropriate the current processes are revised. This ensures that the Council has had due regard to recommendations arising from regulatory and audit reports.

### **Reason for Report**

7. To present the Auditor General's findings and set out the process for providing assurance that the Council is having due regard to the output of regulatory activity

### **Legal Implications**

8. There are no legal implications directly arising from this report

### **Financial Implications**

9. There are no financial implications directly arising from this report

### **RECOMMENDATIONS**

10. To note the work of the Auditor General and identify any issues which the Audit Committee consider relevant to their work programme.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**  
**18<sup>th</sup> January 2016**

*The following appendix is attached*

*Appendix 1: Wales Audit Office (WAO) Report on Delivering with Less - Leisure*

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Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Delivering with less – Leisure Services



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU







I have prepared and published this report in accordance with the Public Audit Wales Act 2004.

The Wales Audit Office study team was project managed by Nick Selwyn and comprised Huw Rees, Gareth Jones, Duncan Mackenzie and staff of PwC and KPMG under the direction of Jane Holownia.

**Huw Vaughan Thomas**  
**Auditor General for Wales**  
**Wales Audit Office**  
**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

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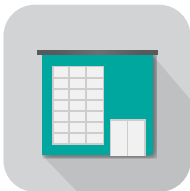
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Councils' approaches to delivering leisure services focus on addressing immediate financial challenges rather than taking a longer-term strategic approach to future provision

- 1 Leisure and recreation are crucial components of a balanced and healthy lifestyle. Leisure can encourage personal growth and self-expression and provide increased learning opportunities. For many people, participation in leisure and recreation also improves their physical and mental health. The Chief Medical Officer for Wales, in her most recent Annual Report, notes the importance of physical activity in dealing with public health concerns. Her Report highlights that the benefits of physical activity include: lower risk of cardiovascular disease, some types of cancers and diabetes; improvements in musculoskeletal health and body weight control; and positive effects on mental health development and cognitive processes<sup>1</sup>.
- 2 The Welsh Government is committed to tackling public health issues and addressing inequalities in health and recognises the contribution of leisure services to increasing physical activity. The Welsh Government's 20-year vision for sport and physical activity, **Climbing Higher**<sup>2</sup> sets out how the Government plans to increase participation in sport and leisure activities to improve the quality of life and improve the health of the nation. The long-term aims of the Welsh Government in **Climbing Higher** is to make Wales a more physically and mentally healthier nation and recognises the importance of leisure services in supporting delivery of this ambition. In **Climbing Higher**, councils are in particular identified as playing a crucial role in providing, supporting and developing leisure and recreation services in Wales.
- 3 Councils provide a wide range of leisure facilities and services for their communities including:



Indoor and outdoor leisure facilities



Sports pitches, playing fields and playgrounds



Cycle ways and cycle routes



Public parks and open spaces



Sports development schemes

- 4 Councils also have an important community leadership and a key strategic role in developing leisure services to meet the needs and aspirations of the local population, and they work closely in partnership with Sports Wales to do so. Although all councils operate differently, with their own structures, policies, grant-in-aid criteria and schemes, the major emphasis within councils' vision for leisure services is the development of opportunities for all. Consequently, many councils have concessionary rates to encourage access to facilities and venues and work closely with the third sector to develop provision.

<sup>1</sup> **Healthier, Happier, Fairer**, Chief Medical Officer for Wales Annual Report 2013-14.

<sup>2</sup> Welsh Government: **Sport and active recreation webpage**

- 5 However, at a time of increasing demand on Welsh public services, discretionary<sup>3</sup> services such as leisure are not being protected from cuts. In setting the budget for 2015-16<sup>4</sup>, the Finance Minister announced that the Welsh Government is prioritising investment to improve health and well-being, promoting growth and jobs, breaking the link between poverty and educational attainment, and supporting children, families and deprived communities. These are areas of work the Welsh Government has prioritised over others in setting budgets and deciding where reductions in public expenditure, especially grants, will be made. By highlighting these areas, other services get less priority and consequently less protection from the cuts that the Welsh Government has to make.
- 6 Local government receives the bulk of its funding through what is known as Aggregate External Finance (AEF). Our analysis shows that between 2010-11 and 2014-15, there was a real-terms reduction of £464 million (10 per cent) in the AEF<sup>5</sup>. The scale of cost reduction required means that councils will have to look beyond immediate short-term savings and think more radically about how to reduce costs, and how to sustain this in the longer term whilst still maintaining or improving services. Cutting spending requires councils to take a strategic overview to avoid an erosion of service quality in priority areas.
- 7 During 2015, staff of the Wales Audit Office, on behalf of the Auditor General, examined council leisure services under our series of 'delivering with less' thematic reviews. Our study methods are set out in [Appendix 1](#). These included an online survey for citizens to tell us about their experience of council leisure services, and audit fieldwork at four councils in Wales. Our methodology also included a budget and service performance assessment tool, and surveys with senior council officials and elected members.
- 8 Based on the findings of this study, the Auditor General has concluded that councils' approaches to leisure services focus on addressing immediate financial challenges rather than taking a strategic approach to future provision.
- 9 We found that although public sector ownership and management of leisure provision is starting to change with the transfer of some services and assets to other models of operation such as private sector trusts, strategic decisions on whether to transfer or continue with in-house provision of leisure services have not always been based on robust information or a consideration of all of the options open to councils. Whilst there has been an increase in the number of councils transferring their major leisure facilities to other models of delivery, the vast majority of leisure provision remains in council ownership. Strategies for leisure services do not always provide the clear direction needed to safeguard services at a time of reducing public expenditure.

3 Discretionary services are not statutory and a council has a choice about how, or if, it provides these services.

4 Written Statement of the Finance Minister, **Final Budget 2015-16**, 2 December 2014.

5 Comparing AEF across the period 2010-11 to 2014-15 is complicated for two main reasons. Firstly, the Welsh Government has incorporated into AEF grants that were previously provided separately. While this 'de-hypothecation' of grants results in an increase in AEF, it is not necessarily a net increase in funding. The net value of grants incorporated into AEF since 2010-11 is around £137 million in real terms (adjusted for inflation). In addition, the picture is complicated by the devolution of council tax benefit, which has been incorporated into the AEF. In addition, the picture is complicated by the devolution of Council Tax Benefit, which has been incorporated into the AEF.

- 10 Overall, council revenue budgets have fallen by around 10 per cent in the last four years and the reduction in spending on sports and recreation services has been marginally higher with a 10.5 per cent cut. Notwithstanding budget reductions, councils' income from sports and recreation services has been maintained and the level of subsidy required to provide leisure services has fallen by 15.2 per cent. However, the continued impact of austerity and slow progress in formally considering options for future delivery present a risk to the sustainability of these services.
- 11 Eighteen of the 22 councils have reduced how much they spend on sports and recreation services in the last five years, with the greatest savings being achieved where councils have transferred their major leisure facilities to trusts. Our analysis shows that on average councils who transferred all of their major leisure centres reduced their sports and recreation gross revenue expenditure by £2.4 million (approximately 40 per cent). The number of council staff delivering leisure services has fallen by 14.2 per cent, although some of these have transferred with services to other providers. The number of people using council leisure services also increased by 3.4 per cent between 2009-10 and 2014-15.
- 12 Because of the reduction in the level of subsidy for leisure services, these services are unlikely to be sustainable in the medium to long term and councils need to carefully consider what they are providing, how they provide it, what they charge for it and what they are ultimately seeking to achieve through their leisure provision. In considering their options, councils need to have a clear understanding of the financial, social, economic, equality and sustainability issues they, their citizens and communities face both at this time and also into the future.
- 13 The findings of our review, however, suggest that councils seldom focus on demonstrating the beneficial impact of leisure services on public health and well-being and some councils are still not well placed to monitor and evaluate their approaches to leisure provision to target improvement and ensure that services are sustainable in the longer term. This is consistent with the findings of our most recent reviews<sup>6</sup> and highlights the continuing difficulty councils face in collating and evaluating data, and they need to address this if they are to make the right choices on how and what services they provide in the future.

# Recommendations

14 The key recommendations arising from the work we carried out are listed below:

Recommendation	Responsible partners
<p>R1 Improve strategic planning in leisure services by:</p> <ul style="list-style-type: none"> <li>• setting an agreed council vision for leisure services;</li> <li>• agreeing priorities for leisure services;</li> <li>• focussing on the council's position within the wider community sport and leisure provision within the area; and</li> <li>• considering the potential to deliver services on a regional basis.</li> </ul>	Councils
<p>R2 Undertake an options appraisal to identify the most appropriate delivery model based on the council's agreed vision and priorities for leisure services which considers:</p> <ul style="list-style-type: none"> <li>• the availability of capital and revenue financing in the next three-to-five years;</li> <li>• options to improve the commercial focus of leisure services;</li> <li>• opportunities to improve income generation and reduce council 'subsidy';</li> <li>• a cost-benefit analysis of all the options available to deliver leisure services in the future;</li> <li>• the contribution of leisure services to the council's wider public health role;</li> <li>• better engagement with the public to ensure the views and needs of users and potential users are clearly identified;</li> <li>• the impact of different options on groups with protected characteristics under the public sector equality duty; and</li> <li>• the sustainability of service provision in the future.</li> </ul>	Councils



Recommendation	Responsible partners
<p>R3 Ensure effective management of performance of leisure services by establishing a suite of measures to allow officers, members and citizens to judge inputs, outputs and impact. This should cover council-wide and facility specific performance and include:</p> <ul style="list-style-type: none"> <li>• capital and revenue expenditure;</li> <li>• income;</li> <li>• council 'subsidy';</li> <li>• quality of facilities and the service provided;</li> <li>• customer satisfaction;</li> <li>• success of 'new commercial' initiatives;</li> <li>• usage data – numbers using services/facilities, time of usage, etc; and</li> <li>• impact of leisure in addressing public health priorities.</li> </ul>	Councils
<p>R4 Improve governance, accountability and corporate leadership on leisure services by:</p> <ul style="list-style-type: none"> <li>• regularly reporting performance to scrutiny committee(s);</li> <li>• providing elected members with comprehensive information to facilitate robust decision-making;</li> <li>• benchmarking and comparing performance with others; and</li> <li>• using the findings of internal and external audit/inspection reviews to identify opportunities to improve services.</li> </ul>	Councils

## Part 1

Public sector ownership and management of leisure provision are changing with the transfer of services and assets to other models of operation, however, decisions have not always been based on robust information



- 1.1 The origins of council sport and recreation provision are rooted in a concern for public health and physical training. In the absence of any other organisations, local authorities became the main provider. However, with major cuts to public sector expenditure in Wales, councils face increasingly difficult decisions around what services to provide in future. In this part of the report, we consider the different options pursued by councils when deciding on future provision. We also outline the changes in management and ownership of major leisure facilities in recent years and set out the challenges these bring for authorities. Finally, we consider the findings of our survey of leisure service users and how effective councils have been in consulting on changes to service provision.

## Councils are exploring different ways to provide leisure services but decisions are not always set within a clear strategic framework

- 1.2 Whilst councils continue to be key players in the provision and management of leisure services, many are changing the way in which these services are managed and provided. With the increasing pressure on local government finances, councils are questioning whether it is still appropriate or affordable to position themselves as the main leisure provider. Given the current diversity of provision, authorities need to ensure that what they provide is valued by local people, contributes to corporate objectives, and is cost effective. Austerity will remain a primary driver of change as the level of public expenditure continues to reduce, and leisure services will continue to be challenged on efficiency and effectiveness grounds.
- 1.3 The Well-being of Future Generations (Wales) Act 2015 will introduce, from April 2016, a statutory requirement for named public bodies, including local authorities, to make decisions in a sustainable way, by thinking about the long-term implications of their decisions and actions. That requirement will mean that councils will need to take account of the longer-term implications of decisions around the provision of leisure services, for instance on the health and well-being of their local populations; not just the immediate financial pressures. Councils will also need to consider the contribution of all of their services to delivering these strategic priorities, not just their leisure service. For example, the role of highways in delivering road improvements and investing in safe cycling routes which can support a growth in cycling and have a positive impact on the health of citizens.
- 1.4 We found that a growing focus for some councils is increasingly on achieving subsidy-free provision wherever possible mainly through: improving efficiency; having a more commercial focus; and rationalising facilities including, in some cases, facility closures. Councils should have a clear rationale for the investment of public money, and set a clear strategic direction for the provision of their major leisure services. The priorities for provision need to be articulated and the areas for improvement clearly set out for the service, its staff, local residents and the people who use leisure facilities. The strategy should also focus on the council's position within the context of the wider community sport and leisure provision.

- 1.5 Our fieldwork identified a wide variety of strategic priorities and approaches for the provision of council leisure services. These range from promoting direct in-house provision to focussing on reviewing options for externalising leisure facilities.
- 1.6 For example Denbighshire County Council has a strategic aim that 'by 2020 Denbighshire will be renowned for high quality, accessible leisure opportunities attracting high levels of participation and improving the well-being of its residents and visitors'. The Council continues to focus on in-house provision, recognising the important contribution leisure services can make to delivery of Council priorities and the benefit they bring for local residents. In developing its initial vision for leisure services in Denbighshire the Council consulted with all its elected members, town and community councils, the public, and sports clubs. The Council also held 14 stakeholder workshops, completed a detailed cost benefit analysis, including local market comparisons. This has provided the Council with detailed information about performance and customer satisfaction about each of its facilities and has allowed it to develop detailed operational plans for individual facilities to deliver its aim of making services both self-funding and central in improving the health of residents living in Denbighshire.
- 1.7 The Leisure Plan for the Isle of Anglesey Council, which was adopted in February 2015, is focussed on making the best use of resources. Within the plan, the Council clearly sets out the options that are available in taking forward leisure services. These range from the status quo to rationalising leisure centres to reflect the budgets that are available to maintain and operate facilities as well as adopting a more commercial approach which can include closing uneconomic facilities. Likewise, Powys County Council has a five-year leisure strategy focussed on enhancing facilities to the public. However, due to the changing financial position and the need to reduce expenditure, the level of capital investment needed to upgrade and improve leisure facilities has not been available and the Council is now considering alternatives to provide leisure services within Powys. Decisions for both the Isle of Anglesey and Powys councils is driven in part by the financial situation each faces, but also reflects the desire to improve current performance.
- 1.8 Finally, the Vale of Glamorgan Council leisure centre service is delivered by a private provider, and the priorities for leisure provision are set out in the 10-year contract specification signed between the Council and Parkwood Leisure<sup>7</sup>. The specification sets out the Council's aims and expectations for its leisure service for the duration of the contract. The Council's primary aim is to reduce the Council's leisure subsidy (contract fee) over the life of the contract, but also to generate savings of over £1 million over the life of the 10-year contract. The Council does not, as a consequence, have a leisure strategy as such and is simply focussing on both improving its financial position but also increasing customer satisfaction with the range and quality of services provided at leisure centres.

<sup>7</sup> Parkwood Leisure are providers of Leisure Management provision in the UK, specialising in the development and operation of 84 leisure facilities working in partnership with 25 local authorities throughout England and Wales. The Vale of Glamorgan Council transferred management of its six leisure centres to Parkwood Leisure in August 2013.

- 1.9 The different strategic approaches adopted by councils is a balance of competing demands and aspirations. Some, such as Denbighshire are clear that the Council's leisure services are important and contribute to a range of corporate and wider public sector priorities in respect of health and wellbeing, although the Council has set no improvement objective for leisure services and has therefore not prioritised leisure services as a strategic priority for improvement at this time. Others, as in the case of the Isle of Anglesey and Powys, are constrained by the financial challenges they face and are consequently focussed on improving their financial and operating environment. Where councils have transferred assets and staffing to the private sector or trusts, their strategy direction has a more commercially oriented focus.
- 1.10 The Local Government Measure (Wales) 2009 places a general duty on councils to make arrangements to secure continuous improvement in the services they provide. In considering its general duty, a council must set improvement objectives based on a thorough evidence-based understanding of the communities they serve, local needs and their capacity to address them. Improvement objectives should also correspond directly with the council's priorities for improvement<sup>8</sup>. We found that only seven of the 22 councils have adopted improvement objectives that relate to health improvement and/or leisure services, and this includes the Isle of Anglesey, Powys and Vale of Glamorgan councils. The full list by council is set out in [Appendix 2](#) and highlights that many councils are not prioritising leisure services as a key priority at this time.
- 1.11 Through our surveys we found that 19 of the 22 senior leisure officers (Directors or Heads of Leisure Services in Welsh councils) felt that their council had a clear strategy for leisure services that provided a direction of travel for the council. However, only 66 per cent of elected members stated that their council had a strategy; 15 per cent stated that their council did not have a strategy; and 20 per cent that they did not know.

<sup>8</sup> Welsh Government, Local Government Measure 2009. The Measure identifies a range of criteria to be used in selecting improvement objectives. These include: local priorities as set out in the council's community strategy; national and international priorities as expressed by the Welsh Government, UK Government and the European Union; or the global context, for example, threats to health, climate change and sustainability.

The value of leisure and physical activity to the general wellbeing of the public is not generally recognised, so we spend more and more on reactive Health measures rather than using some of that money for preventative work.

I am concerned for the future of leisure services as we are having to make a number of very difficult decisions due to the efficiency savings we are having to make. We are currently reducing our costs mainly by increasing income, to date this has achieved our goals. I am concerned that if prices keep rising customers will decide to attend less often or not at all. I feel this will start to have a detrimental effect on health, socialisation and sport. I feel that Leisure facilities are real community Hubs which are highly valued by the community and any erosion of the service will be strongly resisted.



Senior council officers' comments on the future of council leisure services

Source: Wales Audit Office, Senior Officer Survey, April 2015

## Not all of the options open to councils have been reviewed when councils have considered changing their leisure services operating model

- 1.12 Given the difficult financial climate councils now operate in, many authorities are undertaking options appraisals to identify the most appropriate future delivery models based on capital and revenue considerations, cost/benefit analyses, and the needs of users and potential users. There is a variety of options that authorities have been, or are, exploring in providing leisure services. These include:
- a continuation of in-house provision;
  - b partnership with a private sector provider;
  - c setting up or transferring management to a new trust;
  - d transferring management to an existing trust;
  - e public private partnership;
  - f voluntary sector management; and
  - g some services being withdrawn and/or facilities closed.
- 1.13 Trust options are very much being promoted by the Welsh Government and are increasingly seen as offering a range of financial benefits in terms of the potential for attracting additional grant funding and possible tax and VAT savings, particularly in terms of National Non Domestic Rates (NNDR) relief. A trust with a charitable status is entitled to relief from rates on any non-domestic property which is wholly or mainly used for charitable purposes.
- 1.14 Where councils have chosen to follow a trust model of delivery, the leisure services are outsourced to a separate organisation/company that has a charitable status. In the main the council retains ownership of the facilities, which are then leased to the trust. There are a number of different models of operation for trusts but most involve some form of 'not for profit' organisation – such as a company limited by guarantee or an industrial and provident society – with any surpluses being reinvested.
- 1.15 However, there are some risks in pursuing a trust model, many of which fall on the council. For example, anticipated savings may not be realised leaving the trust requiring increased subsidy from the council, or having to make job and wage cuts as the trust struggles with the challenge of stand-alone management, company governance, and changes in the leisure market.

- 1.16 Transfer to a trust could also see a weakening in direct democratic control of the service by the council's elected members. Elected member representation on a trust is limited to less than 20 per cent of the Board. Company law requires that Board members must put the interests of the leisure trust before those of the council.
- 1.17 There are examples of financial and organisational failure resulting in insolvency of trusts, as has happened in England – for example Enfield Leisure Trust which went into liquidation in September 2006. Indeed, Denbighshire County Council had previously transferred leisure services to a Trust (Clwyd Leisure) which did not provide the standard of service expected and proved unsustainable. The Council subsequently opted to improve the service taking direct provision back in house with the aim of making leisure services self-funding and to re-focus its health improvement agenda.
- 1.18 From our fieldwork<sup>9</sup> we found that nine councils had leisure services provided via trusts with the number of facilities managed by trusts increasing from 27 to 35 between 2012-13 and 2014-15 and five of these nine councils now have their major leisure facilities delivered via trusts. We also found that seven councils delivered leisure services through voluntary-sector and community-based organisations, with the number of facilities transferred by councils to voluntary-sector and community-based organisations increasing from 35 to 38.
- 1.19 However, the number of directly owned and managed council facilities remains high, only falling by 2.6 per cent from 600 to 584 in the last three years, and councils continue to be directly responsible for almost 90 per cent of leisure facilities, although the majority of these – roughly 70 per cent – are outdoor facilities such as pitches and bowling greens. Councils also closed seven leisure facilities in this period.
- 1.20 Due to the complexities of delivering budget cuts and understanding the impact of choices in deciding their future models of delivery, councils need good-quality information and a thorough analysis of evidence to support decisions. This is especially the case when opting to outsource services, transfer assets or close facilities. The evidence to support the favoured options needs to be fully understood and the potential impact identified at the time decisions are made and scrutinised. Without good quality information, councils are not well placed to respond to the immediate challenge of cuts to funding and longer-term challenges of providing sustainable leisure services.

<sup>9</sup> This information is based on returns received from all 22 councils.



- 1.21 Key to supporting good decision-making in determining future choices for provision is having a robust options appraisal process in place. Option appraisal is a technique for setting objectives, creating and reviewing options and analysing their relative costs and benefits. Option appraisal should help develop a value-for-money solution that meets the objectives of the council by identifying the right options to pursue in respect of individual projects, facilities or service. Fundamentally, options appraisal should be based on good quality information and an informed council will routinely collect data on cost, activities and results; analyse it to expose issues or opportunities; and present informed options to decision-makers. [Appendix 3](#) sets out the key stages of options appraisal.
- 1.22 Our fieldwork identified a well-thought-out and detailed approach to options appraisal that was undertaken by the Vale of Glamorgan Council – [Exhibit 1](#) – which is consistent with the principles for effective options appraisal set out in [Appendix 3](#).

#### **Exhibit 1 – Good Practice Example – Vale of Glamorgan Council**

The Vale of Glamorgan Council presented an options appraisal to members initially in November 2009 and then an updated summary report in March 2010 on the future delivery of its leisure centre services. This followed advice from a number of leisure service and legal consultants as far back as 2006. The Council spoke to providers of a number of different delivery models including an existing leisure trust, private providers and where community asset transfer had occurred.

Elected members recognised that change was required as leisure centres required modernisation and were not financially viable without continued subsidy from the Council. An all-party Working Group, chaired by the Leisure Portfolio holder, was convened to consider the various options available and to seek advice from consultants. Following review the Council chose the option they considered presented the least financial risk going forward and also offered the best opportunity for savings.

The Council set criteria based on a 50 per cent score for quality and 50 per cent for price. The evaluation of bids was conducted against pre-determined criteria relating to the potential partners:

- Revenue and capital proposals
- Facility and Service development proposals
- Synergy with the Council's policy and strategy
- Performance against the Council's operational requirements (Method Statements)
- Proposed management model and legal issues

New facilities – fitness suites and catering have been provided by Parkwood Leisure and the Council has funded a number of repairs/physical improvements to several of the centres – for example, new reception areas at Barry and Penarth. The financial benefits are starting to be realised with the provider level of subsidy reducing and Parkwood now providing a fee to the Council.

1.23 Our review also identified a number of weaknesses in options appraisal processes in some councils.

- a Formal business cases presented to cabinet and/or scrutiny committees only consider a narrow range of choices. For example, our surveys found that as part of the options appraisal process all senior officers and 77 per cent of elected members confirmed that they had considered alternative models of delivery, such as the transfer of facilities to community trusts. However:
  - only 38 per cent of elected members and 47 per cent of senior officers confirmed that their council's options appraisal had considered collaborating with neighbouring councils;
  - only 46 per cent of elected members and 58 per cent of senior officers felt that the review considered the provision of leisure services by private providers and the impact of private provision on council services now and in the future; and
  - whilst 95 per cent of senior officers stated that options appraisals considered closing facilities or ceasing to provide some services, only 54 per cent of elected members stated that they had formally considered this option as part of their review.
- b Key financial information and data that are needed to develop some promising options is often not collected or not readily available resulting in these options often being dismissed too early, discarded or not presented to Members to consider because key information is not present. Whilst 52 per cent of elected members felt that they had received clear and robust business cases, just over a third (36 per cent) did not feel they had been presented with this information and the need to change how their council provides leisure services.
- c External consultation with service users is often not carried out or, where it is undertaken, not used to fully understand the needs of service users and provide legitimacy when deciding on options, particularly how best to meet their long-term needs. Our citizen survey found that only 18 per cent agreed or strongly agreed that their council had consulted effectively about changes to leisure services since April 2013 and only 24 per cent felt that their council had informed them of changes to leisure services in that time.
- d Many of the options considered rightly focus on financial matters but do not always consider other important issues, such as the impact of decisions in respect of the public sector equality duty, socio-economic circumstances of the community or regulatory requirements. For example, we found that only 58 per cent of elected members confirmed that, when deciding on changes to leisure services, officers presented them with an equality impact assessment to consider as part of the decision-making process. Thirty-two per cent stated that they did not receive this information and 10 per cent could not recall if this information had been provided.

Only that I fear that given the bleak economic outlook for Local Authorities it will become increasingly difficult to sustain the level of provision of our leisure services.

Difficult to maintain the current standard of provision due to the cuts to the Council budget.

There are plenty of very nice reports about the importance of leisure services to people's health and wellbeing, but due to the forecast of large budget cuts to council budgets, most leisure facilities will face closure or part closure. But I am sure that there will be more reports about the importance of leisure facilities.

The financial savings that have been forced on local authorities will ultimately affect the leisure service as we know it, what do we cut, education, social services? No, what it will be, and it's already started, is leisure. They are not sustainable in their present form, with the cuts that have been forced upon us, leisure centres promote health and wellbeing and good community participation, what will the youth have today, our youth clubs have already gone, leisure centres are under threat as well as libraries. The question is what legacy are we leaving our children?

Due to lack of maintenance and investment council leisure services are under pressure and with further cuts may be lost for ever.

The end is nigh.



Elected Members' comments on councils' changing leisure services  
Source: Wales Audit Office, Elected Member Survey, April 2015

- e In terms of the actual decision-making process when councils consider options, only 62 per cent of elected members believe that officers presented them with clear information summarising the options available to the council in terms of future leisure service provision compared to 86 per cent of senior officers. However, with regard to elected members robustly scrutinising proposed changes to leisure services before final decisions are taken, we found that 65 per cent of elected members felt this occurred, but a greater proportion of senior council leisure officers – 91 per cent – agreed, highlighting a concern that challenge and scrutiny of decisions are not as robust as they could be.

## There are weaknesses in how effective councils are at engaging with citizens when planning changes in leisure provision

- 1.24 With regard to members of the public, we found a mixed picture of how informed they feel about the changes taking place to the provision of leisure services. Whilst 93 per cent of citizens who responded to our survey are aware that councils have to cut how much they spend on the services they provide, only 29 per cent believe that they have been informed about where their council plans to make savings and reduce expenditure. Indeed, a large proportion – 62 per cent – stated that their council had not told them how these cuts will impact upon the services they use.
- 1.25 We also found that there is a wide variation in the views of citizens, elected members and senior officers as to how effective councils have been in consulting on planned changes to leisure services. Whilst 82 per cent of senior officers felt that their council has consulted effectively on changes to leisure services, this compared to only 55 per cent of elected members and only 18 per cent of citizens. Only 24 per cent of the citizens who responded felt that their council had effectively told them about changes to leisure services since April 2013.
- 1.26 Most respondents have yet to see a significant change in how their council provides services to them. For example, only 12 per cent stated that their Council no longer provides the service they requested and 13 per cent stated that they are now paying for services that were provided free in the past. In addition, only 17 per cent of respondents believe that their council keeps them informed of how well the services they receive are performing, which is lower than the proportion who responded to the same question in our first **Delivering with Less** report on Environmental Health services. These survey responses highlight that councils need to do more to improve how they communicate with, inform and involve citizens in the services they provide and their plans for the future.

I was only recently told about some changes coming to classes in early 2015 following a discussion with staff regarding a class being cancelled. It was very much information shared 'in passing conversation', rather than officially being told.

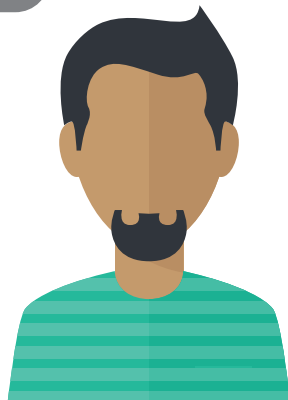
Although the Council has neither consulted nor told me of changes the information is available to me via the Internet, by asking at reception and I feel able to phone up either the centre or main office to get information or express concerns. The Council cannot do everything and I wouldn't want it to.

They were and remain very coy about facilities, and the facilities are ever decreasing. The consultation period and the sneaky tactics employed by the council, leading up to the closure of Plas Madoc were thoroughly shameless.

I believe Wrexham Council failed to factor in the cost benefit of improving residents health and welfare by encouraging them to exercise regularly. They have also recently forced a closed road sportive cycle event to close down so have a totally negative attitude to encouraging people to exercise which is extremely short sighted and out of touch with current research and thinking.

The Council has closed facilities down and increased fees without consulting with sporting groups and I forecast of a drop in numbers taking part in sport because of their policies.

As a user weekly 3/4 times a week I do not think that the council has consulted on and what the consumers want as a service.



Citizens' comments about councils' changing leisure services  
Source: Wales Audit Office, Citizen Survey, April 2015

I honestly can't believe the proposed increase in pitch fees in the coming months. By doing this you are effectively killing local sport and betraying the loyal customers that have been paying to use your pitches for years. You should be ashamed of yourselves. How do you tell a child that they can no longer play the sport they love because the team can't afford the pitch fees. ABSOLUTELY DISGUSTED!

Were very underhand in how they handled the leisure centre take overs. Not trustworthy and lied about what would happen to staff.

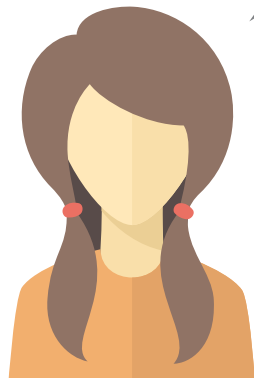
Their response to customer led suggestions for improvements is ambivalent.

I am aware of the changes to leisure facilities due to the amount of time I spend at my local centres and given to me through staff rather than official RCT Council announcements through social media etc. I don't know what, if any consultations went on to make the changes that have happened. They don't directly affect me as I only use the centre in the evenings straight from work and weekend mornings. However, friends I have that used the early morning facility and Sunday evening classes are very unhappy with the change in hours. Personally, if these changes that have been made are what it takes to keep it open and not affected further then we'll work around it.

Yes I feel the closure of Cymmer swimming pool is very unfair and people like me who use it to keep fit are over 65 are being penalised because we live in an already impoverished area where there is nothing left to do for the residents there as most of the leisure facilities have already been stopped and cut back on by the Council!!

Reduced opening times have a negative impact on usage.

They don't consult or inform people about anything, they just do.



Citizens' comments about councils' changing leisure services  
Source: Wales Audit Office, Citizen Survey, April 2015

## Part 2

Despite a reduction in facilities, budgets, staff numbers and council subsidy for leisure services, the continued impact of austerity presents a risk to the continued provision of services



- 2.1 Facilities are central to the delivery of council leisure services: they are the single largest leisure investment made by councils. However, as a non-statutory service the provision of leisure facilities is often not prioritised for investment. Many facilities were built in the last 50 years and have increasingly become run-down requiring significant investment to improve and upgrade them<sup>10</sup>. In addition, there are also other concerns that are having an increasingly negative impact on facility provision and council leisure management arrangements, particularly managing costs, increasing income, competing with private sector providers and needing to become more commercially driven. This is especially challenging in the current climate as councils have traditionally subsidised the cost of leisure provision, and charging for services has not always been driven by the need to cover all costs and operate commercially.
- 2.2 Given this context, in this part of the report, we review the change in council provision of leisure facilities. We examine how council leisure-service budgets, both income and expenditure, are changing and the impact of variations on staff numbers. We also consider the implication of these changes on councils in the future and the sustainability of leisure services.

## The amount councils spend on sports and recreation services is falling

### Recreation and sport revenue spending accounts for less than two per cent of all local government expenditure and has fallen by 10.5 per cent in the last six years

- 2.3 The amount of money that councils spend on leisure services is very small, relative to total local government spending. In 2014-15, total gross revenue expenditure by councils in Wales was approximately £8 billion on the services they provide, of which £153 million (some 1.9 per cent) was spent on leisure services. **Exhibit 2** shows that revenue expenditure on leisure services by councils is also reducing, falling by 10.5 per cent from £171.1 million in 2009-10 to £153 million in 2014-15. The reduction in funding for sports and recreation services of 10.5 per cent is marginally higher than the 10 per cent cut in the AEF for all council services noted above (**Paragraph 6**).
- 2.4 In 2014-15 the range of expenditure on these services also varies widely, from £2.4 million in the Vale of Glamorgan to £17.5 million in Cardiff. From our analysis of councils' budget and staff resources, we found that 18 of the 22 councils have seen reductions in their recreation and sports services' gross revenue budgets between 2008-09, 2009-10 and 2014-15. **Exhibit 3** illustrates that the largest reductions have been in Torfaen (-57.1 per cent), the Vale of Glamorgan (-53.3 per cent) and Bridgend (-38.6 per cent). Four councils increased expenditure in this period with the largest rises in Caerphilly (21.4 per cent) and Flintshire (12.5 per cent).

<sup>10</sup> Sport Wales, **The Future provision of Sports Facilities in Wales**, August 2011.



## Exhibit 2 – Recreation and sport revenue spending by Welsh councils 2009-10 to 2014-15

Expenditure on sports and recreation services has been fairly consistent but there has been a large drop in the last two years.

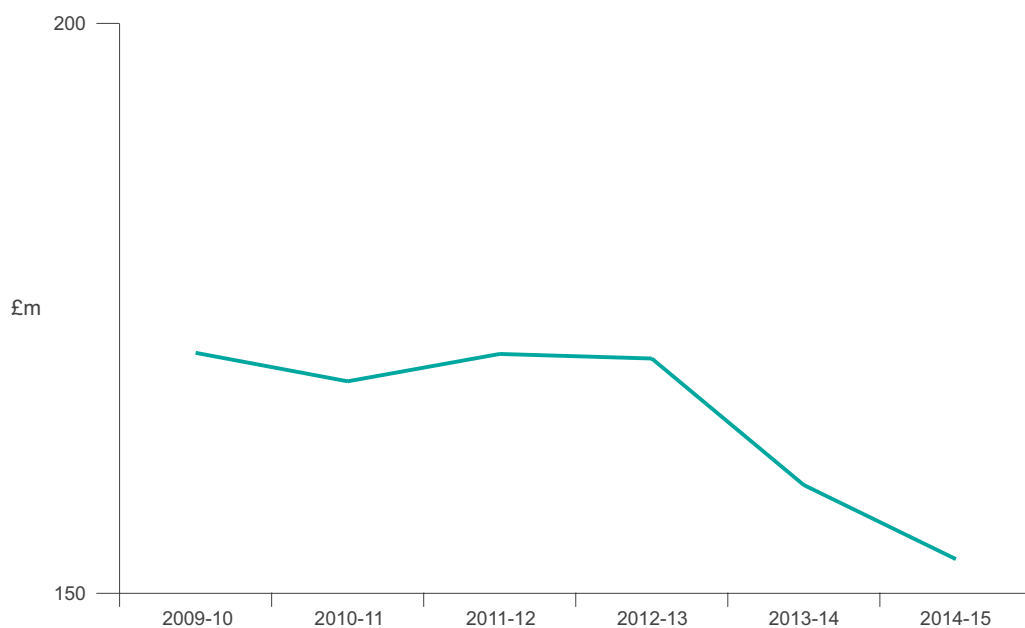


Exhibit source: Revenue outturn expenditure 2009-10 to 2014-15, StatsWales

- 2.5 Those councils that have changed their leisure services operating model also tend to have lower levels of expenditure for leisure services. For example, Torfaen, the Vale of Glamorgan, Bridgend, Blaenau Gwent and Neath Port Talbot have transferred their major facilities to leisure Trusts in recent years. Our analysis shows that following these five councils' decision to transfer these amenities to other providers the amount spent on recreation and sports services fell by £12.2 million between 2009-10 and 2014-15, an average reduction of £2.4 million per council. Proportionally, this equates to on average a 40 per cent reduction in expenditure.
- 2.6 In 2014-15 the range of expenditure on these services also varies widely, from £19.45 per head of population in the Vale of Glamorgan to £79.53 per head of population in Gwynedd ([Exhibit 4](#)). Again, those councils that have changed their operating model for their major and most expensive leisure facilities and now have less direct council-managed provision, are generally spending less per head of population on leisure services – Torfaen, Vale of Glamorgan, Bridgend, Blaenau Gwent and Neath Port Talbot.

**Exhibit 3 – Difference in councils' gross spending on recreation and sports services in 2009-10 and 2014-15**

Eighteen councils have reduced gross expenditure on recreation and sports services since 2009-10

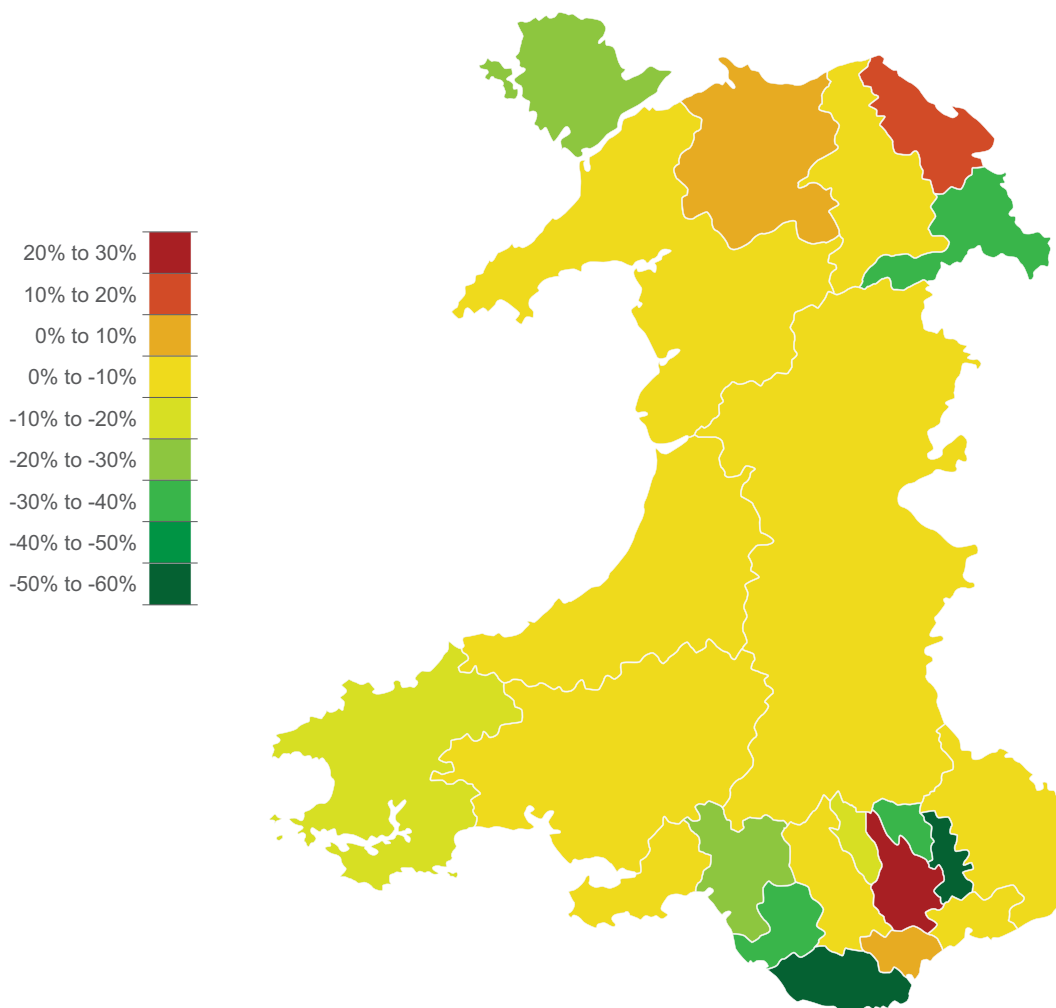


Exhibit source: Revenue outturn expenditure 2009-10 to 2014-15, StatsWales.

**Exhibit 4 – Expenditure per head of population on sports and recreation services by councils 2014-15**

Council expenditure on sports and recreation services per head of population ranges from £19.45 in the Vale of Glamorgan to £79.53 in Gwynedd.

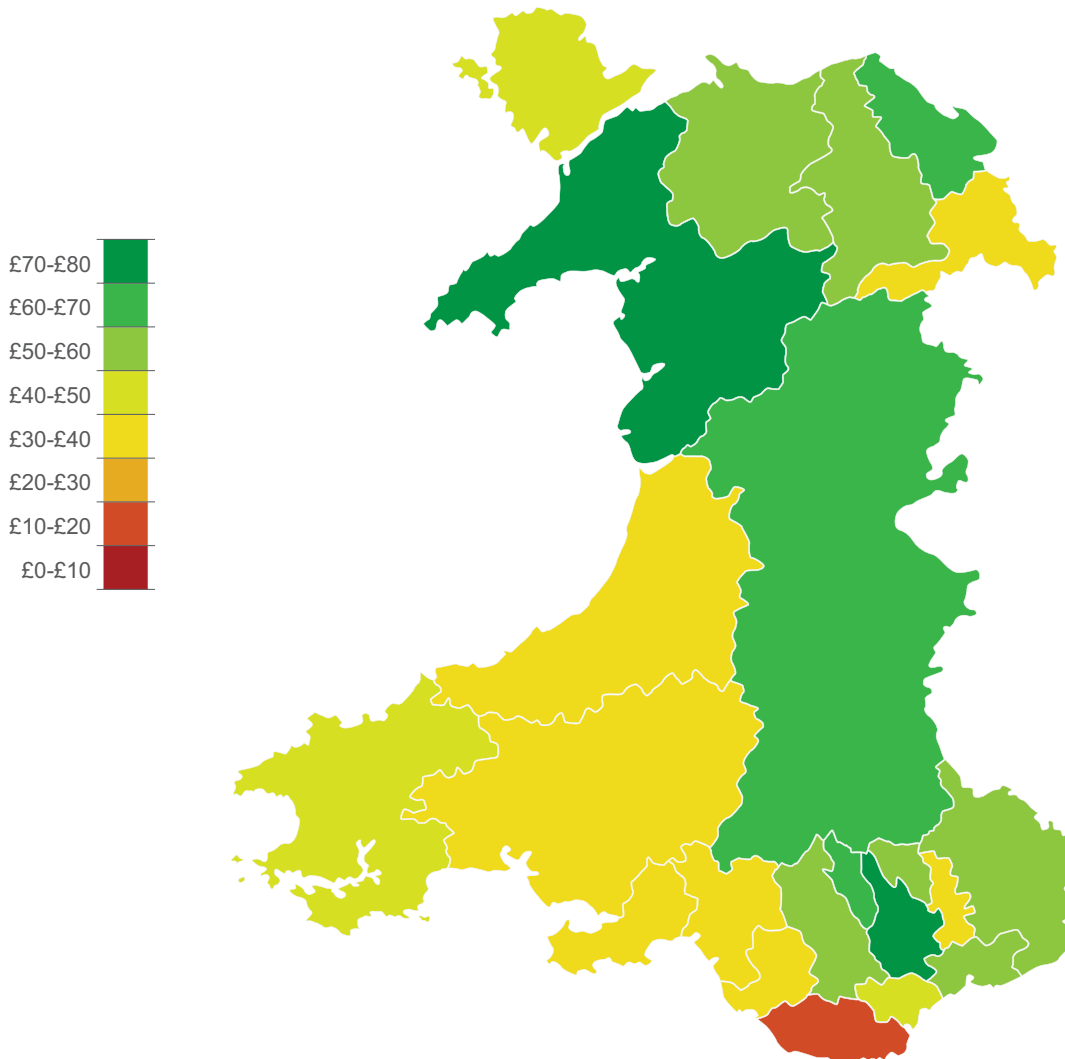


Exhibit source: Revenue outturn expenditure 2014-15 and Mid-Year Population estimates 2014, StatsWales.

## Councils are reducing how much they spend on servicing, maintaining and improving their leisure facilities

2.7 Within the leisure service environment it is important to identify and address those factors which improve the safety of the customers, maintain high levels of services, quality of facilities and promote a healthy and safe working environment. Capital investment in asset maintenance and improvement, as well as considering when to build new modern facilities, is therefore extremely important. Exhibit 5 shows that expenditure by councils on maintaining their facilities has varied widely in recent years. Between 2012-13 investment rose from £13.2 million to £15.2 million, an increase in expenditure of 15 per cent. However, between 2013-14 and 2014-15 maintenance expenditure fell to £10.9 million, a fall of 28.2 per cent<sup>11</sup>.

### Exhibit 5 – Maintenance expenditure on leisure facilities 2012-13 to 2014-15

Overall, expenditure on maintaining and improving leisure facilities is reducing.

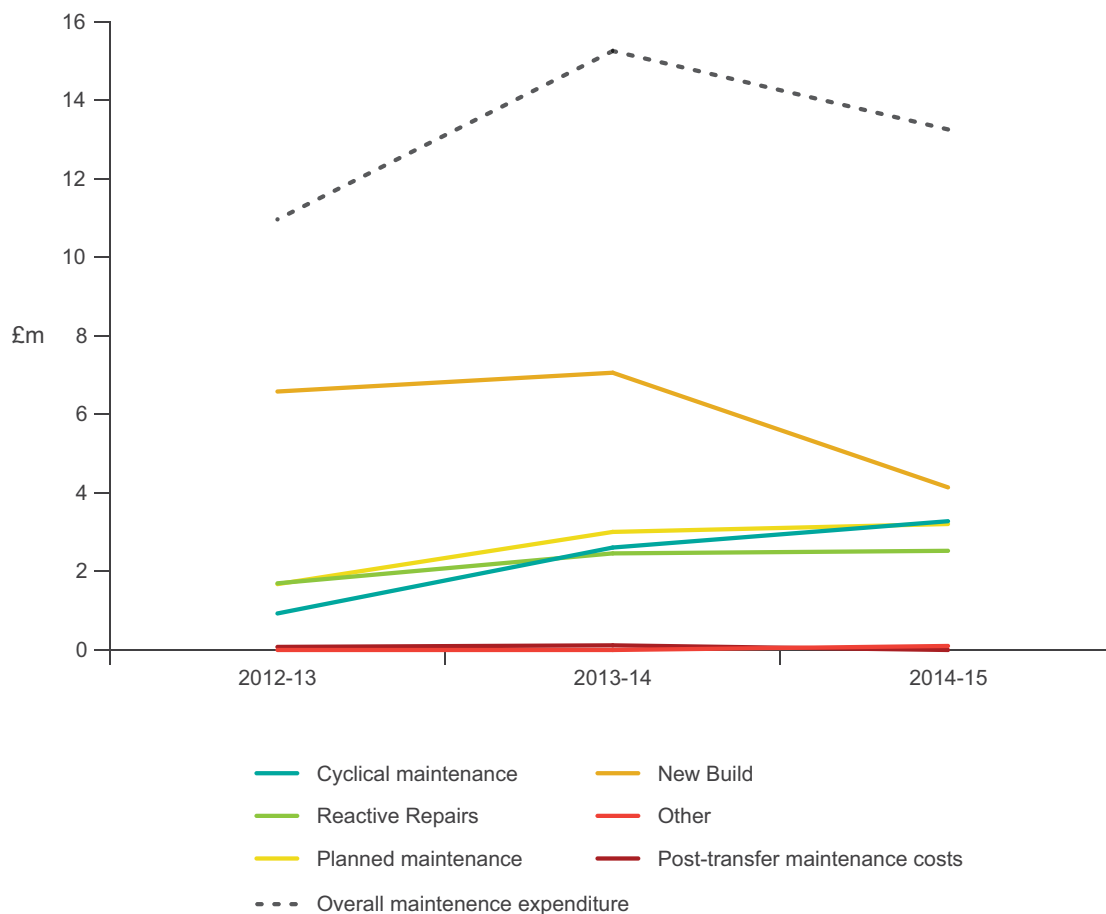


Exhibit source: Wales Audit Office Data Tool, April 2015.

<sup>11</sup> This information is based on returns received from 16 councils. This does not include data for Cardiff, Merthyr Tydfil, Monmouthshire, Neath Port Talbot, Newport or Swansea councils which did not provide the information we requested. A number of councils noted that their finance systems do not always code their maintenance spending and some were unable to provide detailed breakdowns by reactive, cyclical or planned expenditure.

- 2.8 The biggest changes in maintenance expenditure have been in planned and cyclical activity. Planned Cyclical Maintenance Programmes are used to carry out regular improvement works, which maintain facilities in sound condition, enhancing visual appearance, preventing costly rectification work while ultimately maintaining the value of capital investments and the life of the property. Our fieldwork found that councils do not always have up-to-date asset management plans or good quality property condition data for leisure facilities to identify and guide investment decisions. Cutting budgets without a detailed understanding of property conditions and future investment needs raises a risk that the condition of leisure facilities will deteriorate further and may cause higher unanticipated reactive repair costs in the future. We found that cyclical maintenance has fallen by 72 per cent from £3.3 million in 2012-13 to £0.9 million in 2014-15, and planned maintenance by 46.8 per cent, from £3.2 million to £1.7 million in the same period. However, investment in new facilities increased by 58.9 per cent, rising from £4.1 million to £6.6 million.
- 2.9 Responsive maintenance – those repairs that are identified on a day-to-day basis and undertaken to maintain a component within the leisure facility or asset – has also fallen by 36 per cent. Our fieldwork at Powys County Council for example identified that the net budget for maintenance of leisure services has reduced consistently year on year, to the extent that budgets only cover responsive maintenance.
- 2.10 A change in management arrangements can result in councils investing less in maintaining facilities. For example, capital expenditure at the Vale of Glamorgan Council has reduced, from £1.25 million in 2012-13 to £0.138 million in 2014-15. The decrease in maintenance expenditure can also be influenced by an absolute reduction in the number of directly owned council facilities, particularly where councils have closed facilities, as well as councils having to make savings by reducing capital and revenue funding to balance their leisure budgets.
- 2.11 Managing energy and water expenditure is also important, not just to ensure that councils are getting the best value from their supplier purchases but to also ensure that services and facilities are operating efficiently and optimising their usage. Our fieldwork found a variety of approaches from councils, with some leisure services no longer having access to the necessary management information in terms of energy use and costs.
- 2.12 However, we found that other councils had access to good quality information and a better understanding of energy use and costs. In some cases councils have engaged external experts, such as the Carbon Trust, to help them understand what actions could be taken to reduce energy use and costs, for example installing automatic lighting sensors. It was noted that some of these actions require capital investment with savings being accrued over a number of future years. One council was conducting energy surveys of all leisure buildings as well as increasing staff awareness of what actions they can take to reduce energy use. The returns we received showed very limited evidence of the use of recycled water within leisure facilities or solar energy generated on site, but two councils reported the use of biomass energy. Those councils reported that they anticipate reductions in overall costs through the use of such energy.

2.13 **Exhibit 6** summarises councils' expenditure on energy and water usage and shows that overall, spending has remained constant. In 2012-13, councils spent £11.6 million on energy and water supplies for their leisure facilities<sup>12</sup>. This marginally increased to £11.8m in 2013-14.

**Exhibit 6 – Councils' spending on energy and water supplies for leisure facilities 2012-13 and 2013-14**

Councils' overheads for running leisure facilities are not increasing.

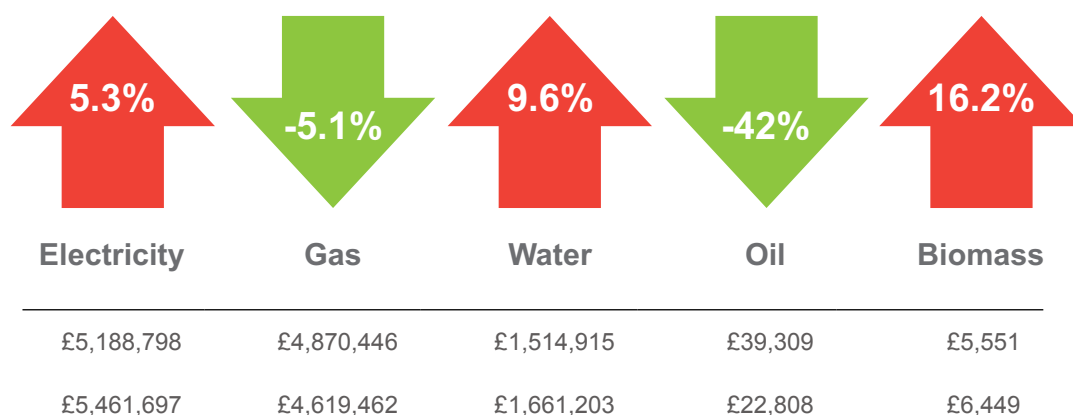


Exhibit source: Wales Audit Office Data Tool, April 2015.

<sup>12</sup> This information is based on returns received from 20 councils and does not include data for Merthyr Tydfil or Torfaen councils.

## Since 2011-12 the number of council staff delivering leisure services has fallen by 14.2 per cent, although some of these have transferred with services to other providers

- 2.14 A council's workforce is one of its greatest assets and a significant proportion of council expenditure is on staffing. At a time of financial pressures, savings can often be achieved by reducing staff numbers through voluntary early release and vacancy management, where staff that leave are not replaced. This trend is set to continue as councils look to further reduce staff costs as part of their strategies for achieving balanced budgets.
- 2.15 **Exhibit 7** shows that the total number of full-time equivalent (FTE) staff working in council leisure services has fallen from 2,783 in 2011-12 to 2,387 in 2014-15, a fall of 14.2 per cent<sup>13</sup>. Whilst all staff roles have been subject to reductions, operational staff have proportionally experienced the greatest hit, falling by 19.8 per cent. Catering staff have reduced by 11.8 per cent and managers 8.9 per cent. Our review found that the only staff group to have increased in recent years are unpaid relief staff where the numbers working in council leisure facilities rose by 4.6 per cent.

### Exhibit 7 - Number of full-time equivalent staff working in council leisure facilities 2011-12 to 2014-15

The number of council staff working in leisure services fell by 14.2 per cent between 2011-12 and 2014-15.

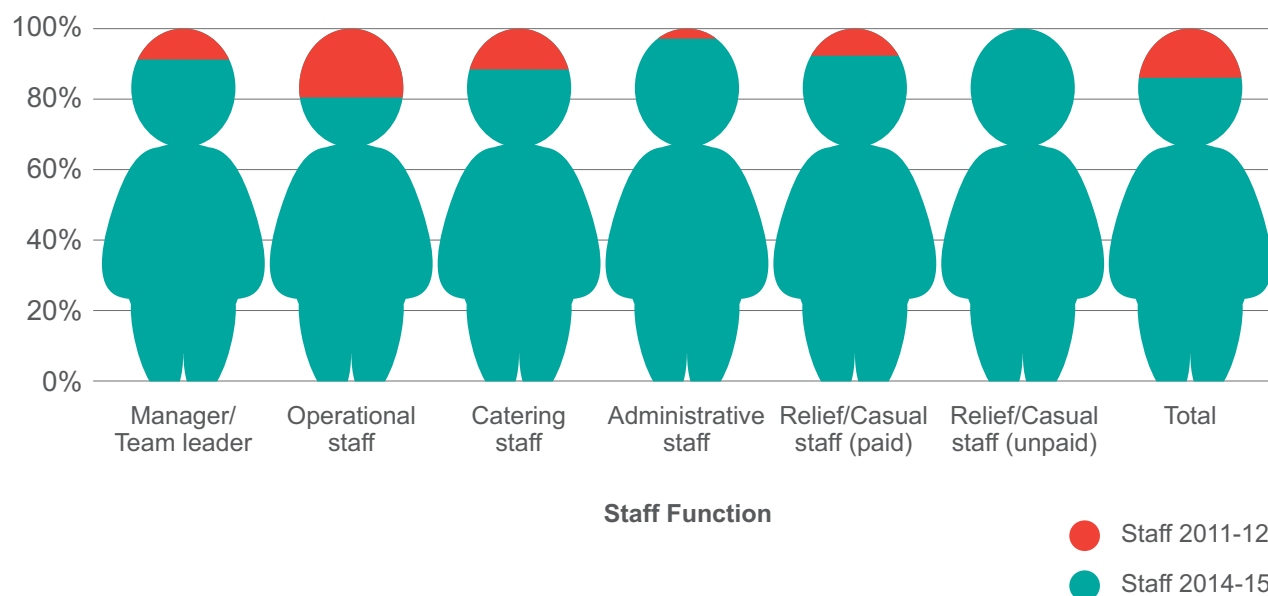


Exhibit source: Wales Audit Office Data Tool, April 2015.

<sup>13</sup> This information is based on returns received from 18 councils. This does not include data for Cardiff, Carmarthenshire, Flintshire or Powys councils. The return from Rhondda Cynon Taf also included information on 'leisure' staff working in Community Parks and Open Spaces.

- 2.16 The reasons for reductions in staff numbers have a number of influences including cuts to balance budgets, out sourcing activity and transferring staff to the private sector or a leisure Trust. For example, the Vale of Glamorgan Council transferred management of its six leisure centres to a private provider (Parkwood Leisure) in August 2012. The Council still retains ownership of the centres and is responsible for major repairs and ongoing maintenance. The number of staff employed by the Council, however, reduced from 113 FTEs in 2011 to 28 in 2014 with the TUPE<sup>14</sup> of staff from the Council to the new leisure provider in 2012.
- 2.17 However, many of the people responding to our survey are concerned that as councils cut staff they will find it increasingly difficult to respond to the challenges they face. Without adequate capacity and capability the council leisure sector is likely to struggle to manage change, which may undermine its performance and could well lead to a cycle of decline.
- 2.18 Over the last four years capacity has undoubtedly diminished at all levels but it is at the senior level where the impact is being felt the most. The loss of senior council personnel reduces the professional's ability to influence strategic decisions when councils consider the future of their public sector leisure provision. There is a fear amongst leisure professionals that in many parts of the leisure sector a leadership vacuum is developing. With limited capacity the current fragmented nature of the sector exaggerates the problem further. The available leadership is fully stretched and often over-focused on operational management so limiting their ability to influence the wider strategic agenda.
- 2.19 As well as an absolute reduction in staff numbers at some councils, the terms and conditions of employment for staff can also be amended. In some authorities, such as Powys County Council, the terms and conditions for employees have been affected by changes in how the service is provided such as hours of operation and opening and closing times of facilities. The Council has also recently completed a harmonisation process of staff terms and conditions which resulted in an increase in the hourly rate of pay. In other councils, such as the Vale of Glamorgan, staff have transferred under TUPE to a private company and there have been significant changes to pay, holiday entitlement and sickness absence arrangements. Whilst others, the Isle of Anglesey Council for example, have not seen any changes in employment terms, although the number of staff employed has fallen.

<sup>14</sup> The Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246), known colloquially as TUPE, are the United Kingdom's implementation of the European Union Business Transfers Directive. It is an important part of UK labour law, protecting employees whose business is being transferred to another business.



Although councils' income from facilities is being sustained and the level of subsidy required to provide leisure services has fallen significantly, the continued impact of austerity presents a risk to the sustainability of these services

Despite a reduction in facilities and changes in management arrangements income for leisure services has only slightly reduced

2.20 Profits and surpluses generated through trading activities can be used to help hold down council tax and/or directed into frontline services. Income generated from charging for the costs of supplying discretionary services can also help the overall council's financial position. However, customer take-up of any leisure activity is voluntary; it relies on the customer's perception that participation will improve his or her quality of life, and inevitably competes with other calls on leisure time. Setting and achieving income targets will, therefore, never be an exact science and always remain vulnerable to market changes.

2.21 Information collated as part of this study in Exhibit 8 shows that despite a reduction in the number of leisure facilities councils directly provide, and changes in management arrangements, income is being maintained. In the last three years despite the changes in ownership, management and closures that have taken place, overall income for leisure services has only fallen by 1.7 per cent.

#### Exhibit 8 – Income for leisure facilities 2012-13 to 2014-15

Council's income for leisure services has marginally fallen by 1.7 per cent in the last three years.

Area of operation	2011-12	2012-13	2013-14	+/- %
Community centres and public halls	£1,654,470	£1,706,433	£1,787,118	8
Indoor sports and recreation facilities	£57,367,950	£57,161,285	£56,756,606	-1
Golf courses <sup>15</sup>	£353,849	£202,163	£214,046	-39
Sports development and community recreation	£13,063,085	£13,038,876	£12,303,816	-5.8
Outdoor sports and recreation facilities	£2,568,506	£2,765,223	£3,022,175	17.6
Other	£2,094,625	£1,804,603	£1,677,256	-20
Total	£77,102,488	£76,678,585	£75,761,017	-1.7

Exhibit source: Wales Audit Office Data Tool, April 2015.

<sup>15</sup> Merthyr Tydfil and Rhondda Cynon Taf reported that they had golf courses but recorded no income for these facilities for all three years we analysed.

2.22 Exhibit 9 shows that the overall level of council income for leisure services ranged from £0.1 million in Torfaen to just over £8 million in Cardiff.

### Exhibit 9 – Income from sports and recreation services by council 2014-15

Council income from leisure services ranges from £0.1 million to £8 million.

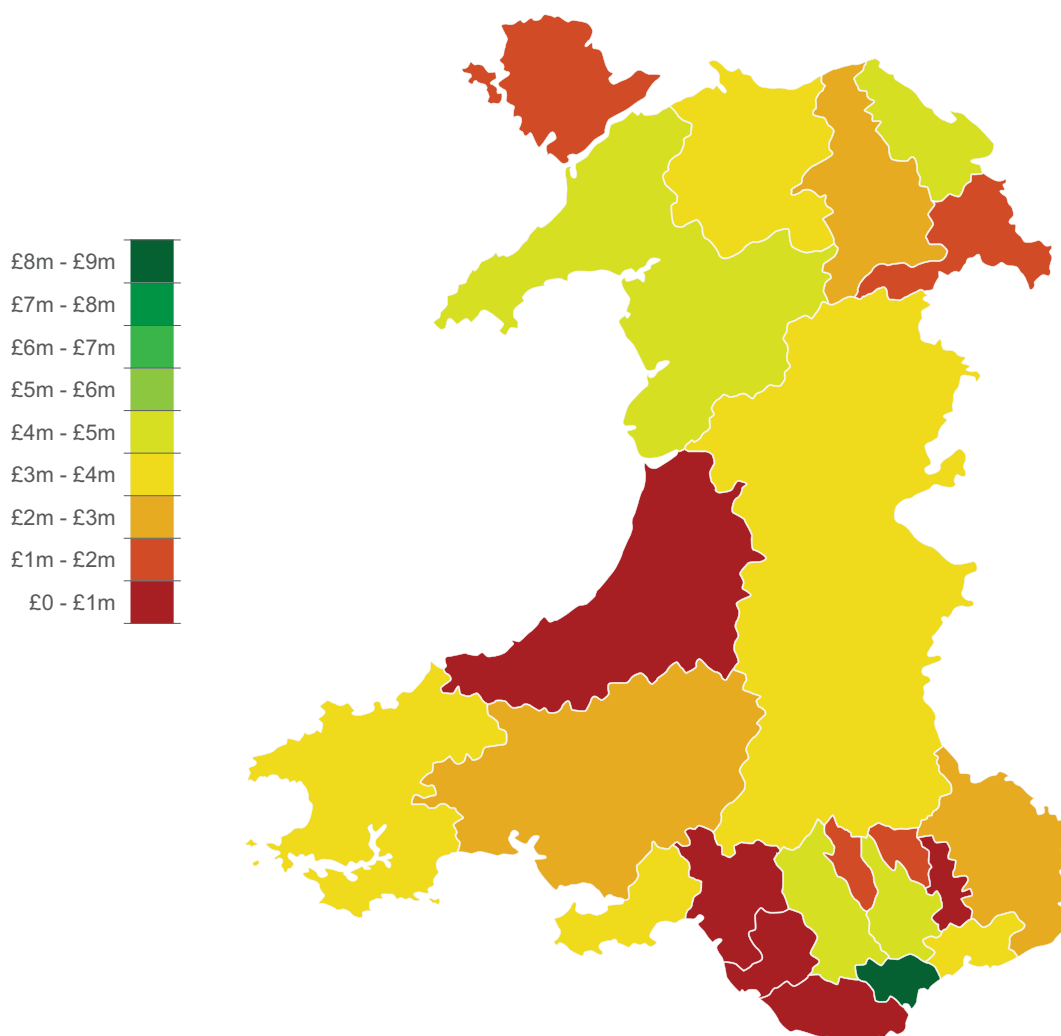


Exhibit source: Revenue outturn expenditure 2014-15, StatsWales.

2.23 **Exhibit 10** (below) shows that overall, 13 councils increased income in this period with the largest rises in Flintshire (26 per cent) and Newport (21 per cent). The sharpest reductions in council income from leisure services between 2012-13 and 2014-15 have been seen in the Vale of Glamorgan (-84 per cent), Torfaen (-63 per cent) and Neath Port Talbot (-47 per cent). These are three councils which have seen significant changes in their leisure provision and/or management arrangements. For example, the Vale of Glamorgan has six leisure facilities provided by a Trust and has seen its income from the leisure services reduce as a result of transferring its leisure centres from £3.6 million in 2011-12 to £0.6 million in 2014-15. Torfaen has transferred five leisure facilities to a Trust and Blaenau Gwent has closed one leisure facility and has recently transferred a further five to a Trust.

**Exhibit 10 – Change in income for council leisure facilities 2012-13 to 2014-15**

Thirteen councils have seen an increase in income from leisure services.

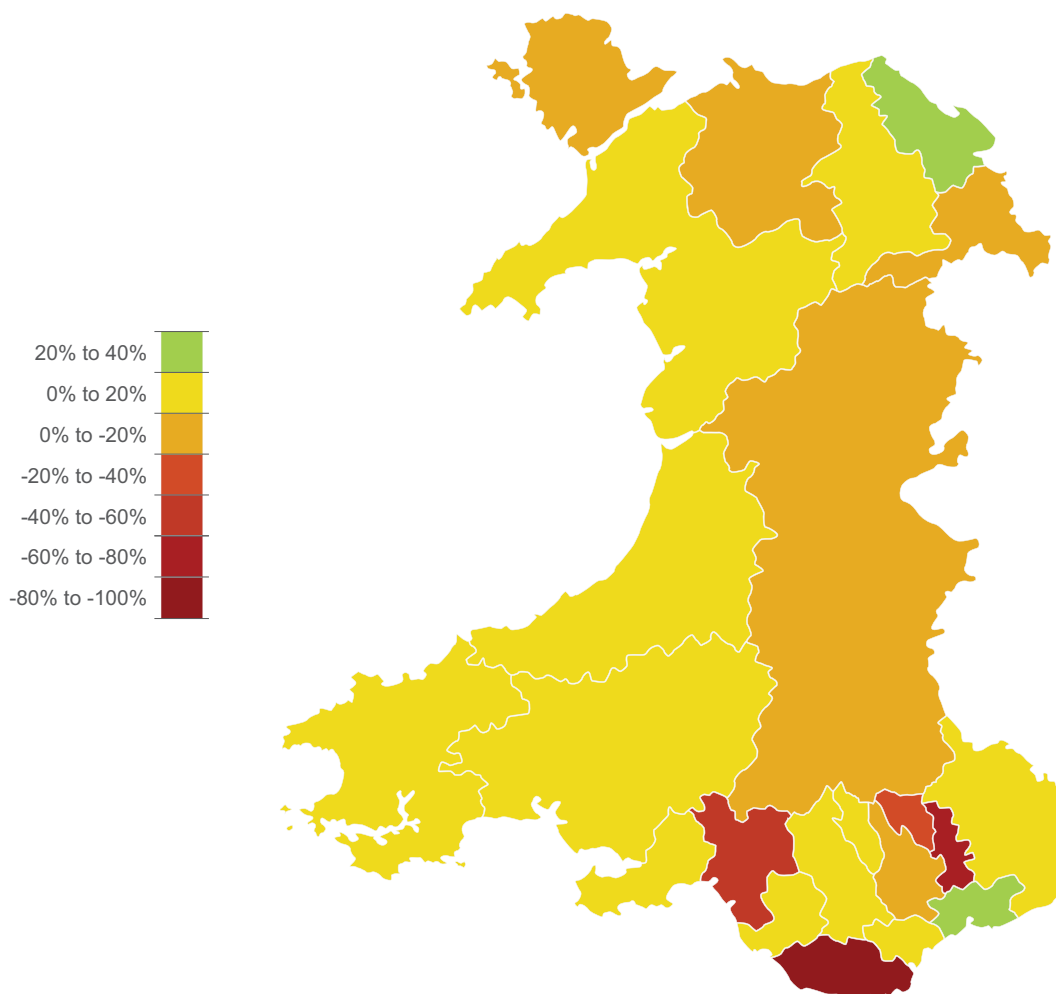


Exhibit source: Wales Audit Office Data Tool, April 2015.

The majority of councils have an improving financial position and the level of 'subsidy' required to fund leisure services has fallen by 15.2 per cent but with reductions in public funding set to continue, councils need to consider more efficient and effective ways of working if leisure services are to remain sustainable

- 2.24 There are big differences between how the private and public sectors operate. One of local governments' main objectives is the welfare of people whereas the bottom-line of a private company is more likely to be profit. With the current financial challenges facing the public sector, fiscal responsibility is ever more important and councils recognise that they need become even more financially disciplined when it comes to delivery of services.
- 2.25 Councils have a good track record in balancing budgets and managing within their means and since budget cuts began to hit hard, councils have found savings through everything from joint working to turning over management of services to volunteers. The other side of the equation is acting more commercially and generating money – what can councils do to increase their income from trading, commercial partnerships with the private sector or writing better commissioning contracts.
- 2.26 However, in doing this councils must also balance disparate agendas, and attempt to provide equal, accessible services for all residents, something private businesses do not have to consider. And, because councils' income is derived from a range of sources – the Revenue Support Grant from the Welsh Government; Council Tax; Non-Domestic (business) Rates; income for provision of services; and other specific grants – they are not operating in a purely commercial environment. By the very nature of their funding therefore councils are subsidising the cost of their services.
- 2.27 Subsidising leisure services is also driven by a desire to maximise take-up and usage for the good of local residents and to support delivery of the wider strategic public health role by encouraging healthy lifestyles and tackling health inequalities. Thinking of services in business terms nevertheless allows councils to consider their operating environment in a different way and subsequently allow for more informed decisions on the choices facing council leisure services as to how and what they provide.
- 2.28 Between 2009-10 and 2014-15 there has been a significant 15.2 per cent decrease in the absolute net cost<sup>16</sup> for the 22 Welsh councils' leisure services with the amount councils fund services after income decreasing from £110 million in 2009-10 to £93.3 million in 2014-15. The smallest absolute levels of subsidy in 2014-15 are in the Isle of Anglesey and the Vale of Glamorgan at £1.8 million. The largest subsidies in 2014-15 are in Cardiff and Caerphilly with £9.5 million and £9.2 million respectively (the detailed information is set out in [Appendix 4](#)).
- 2.29 Our analysis also shows that 19 councils have an improving position where the level of subsidy is decreasing. For example, Pembrokeshire reduced its position from -£4.8 million in 2009-10 to -£2.5 million in 2014-15. Similarly, Torfaen reduced

<sup>16</sup> Net cost is the bottom line of the income statement when revenues and gains are less than the aggregate operating expenses.

its operating position from -£4.3 million to -£2.6 million in the same period. We also found that three councils have seen the level of subsidy provided to fund recreation and sports services increasing. The largest increase was in Powys which rose from -£3.2 million in 2009-10 to -£5 million in 2014-15.

2.30 **Exhibit 11** highlights that 19 of the 22 councils have proportionally reduced the level of subsidy provided to leisure services and three have seen an increase in subsidy between 2009-10 and 2014-15. The proportional change in subsidy ranges from an improving position in Pembrokeshire where subsidy reduced by 47.9 per cent in this period to Powys where the level of subsidy required to deliver services rose by 57.3 per cent.

**Exhibit 11 – Changing subsidy for recreation and sports services between 2008-09 and 2014-15 by council**

All councils subsidise recreation and sports services but the level of subsidy varies widely and is improving in 19 of the 22 councils.

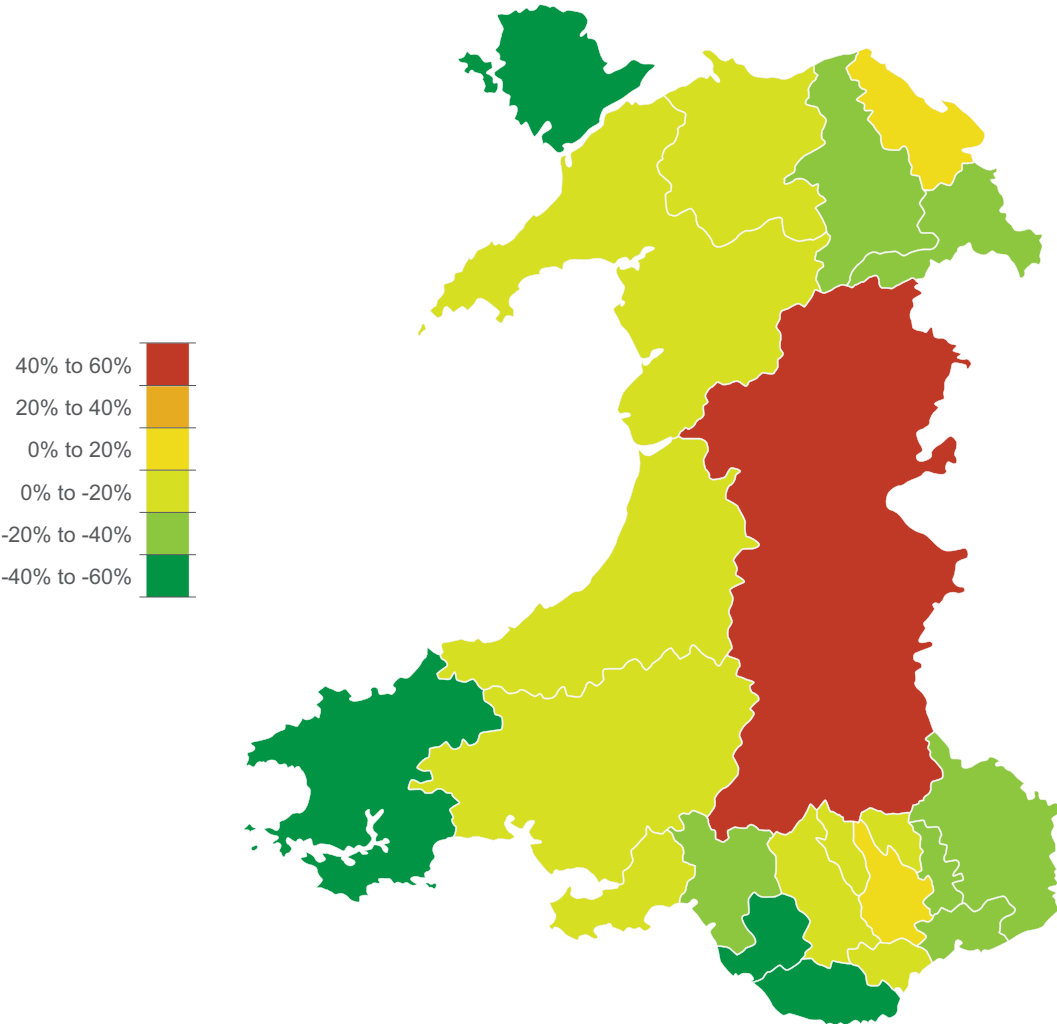


Exhibit source: Analysis of revenue outturn income and expenditure for council recreation and sports services in 2008-09 and 2014-15, StatsWales.

- 2.31 With reducing public monies and a challenging operating environment with often poor quality facilities, council leisure services face an uncertain future. As noted above a number of councils have transferred assets to Trusts to run, whilst others have closed uneconomic and/or poor quality facilities that are beyond repair. Given that the continued subsidising of services is unlikely to be sustainable in the medium to long term, councils need to carefully consider what they are providing, how they provide it, what they charge for it and what they are ultimately seeking to achieve through their leisure provision. As the provision of leisure facilities is a discretionary function, it is also a matter for councils to determine the nature and level of service that they can and want to provide in their current financial situation.
- 2.32 However, whilst it is reasonable for councils to conclude that the current levels of provision are no longer sustainable given the subsidy required to maintain these facilities, the implementation of closures or transfers needs to be carefully considered and handled sensitively to mitigate the impact on communities and citizens. Changing how services are managed or closing facilities is not simply about finances and needs to be balanced carefully with the needs of local residents and communities. Equally, the positive contribution of leisure services in addressing health inequalities and improving public health also needs to be considered.
- 2.33 In part one of this report we noted the importance of councils undertaking robust options appraisals that considered the broadest range of available options but also the impact of service changes on citizens. Under the Well-being of Future Generations Act 2015 councils will now be required to apply the sustainable development principle to the setting of objectives, and the steps taken to achieve them. This will require applying the five principles of: long term, integration, prevention, collaboration and engagement. This will have a major impact on governance and strategic decision-making within councils when they review their leisure provision and decide on their future strategic direction, as sustainable development will require decision-making to be informed by:
- an understanding of the long-term implications of decisions;
  - by a recognition of environmental limits; and
  - an integrated approach to economic, social, environmental and cultural well-being.
- 2.34 These are the defining features which distinguish sustainable development from business as usual. Consequently, councils will need to consider these implications carefully when balancing their sustainable development responsibilities with the financial pressures they face in deciding on the future of leisure services. And in considering the options for future leisure provision, councils need to have a clear understanding of the financial, social, economic, equality and sustainability issues they, their citizens and communities face both at this time but also into the future. Critical to delivering these expectations will be good quality and informed decision-making, and in the next section of our report we comment on the effectiveness of scrutiny and decision-making by councils.

## Part 3

Councils are meeting rising demand for leisure services, but scrutiny and oversight of performance are not always effective



- 3.1 Local government in Wales faces a period of significant change driven by budget cuts, rising demand and a reform of public services led by the Welsh Government. By 2022, councils are likely to look very different than they do today. To navigate this difficult path councils will need to clearly prioritise which services matter most, based on an accurate, realistic assessment of the costs, benefits and risks. Critical to this approach is using data effectively to support decision makers to take informed and evidence-based policy and operational choices. Increasingly, therefore, evidence is going to be required that shows the relationship between inputs, outputs and outcomes.
- 3.2 In this final part of the report, we review how councils are performing in encouraging use of leisure services, how they manage and monitor current performance to identify opportunities for improvement. We also consider findings from our survey of leisure service users, elected members and senior council officers on current performance.

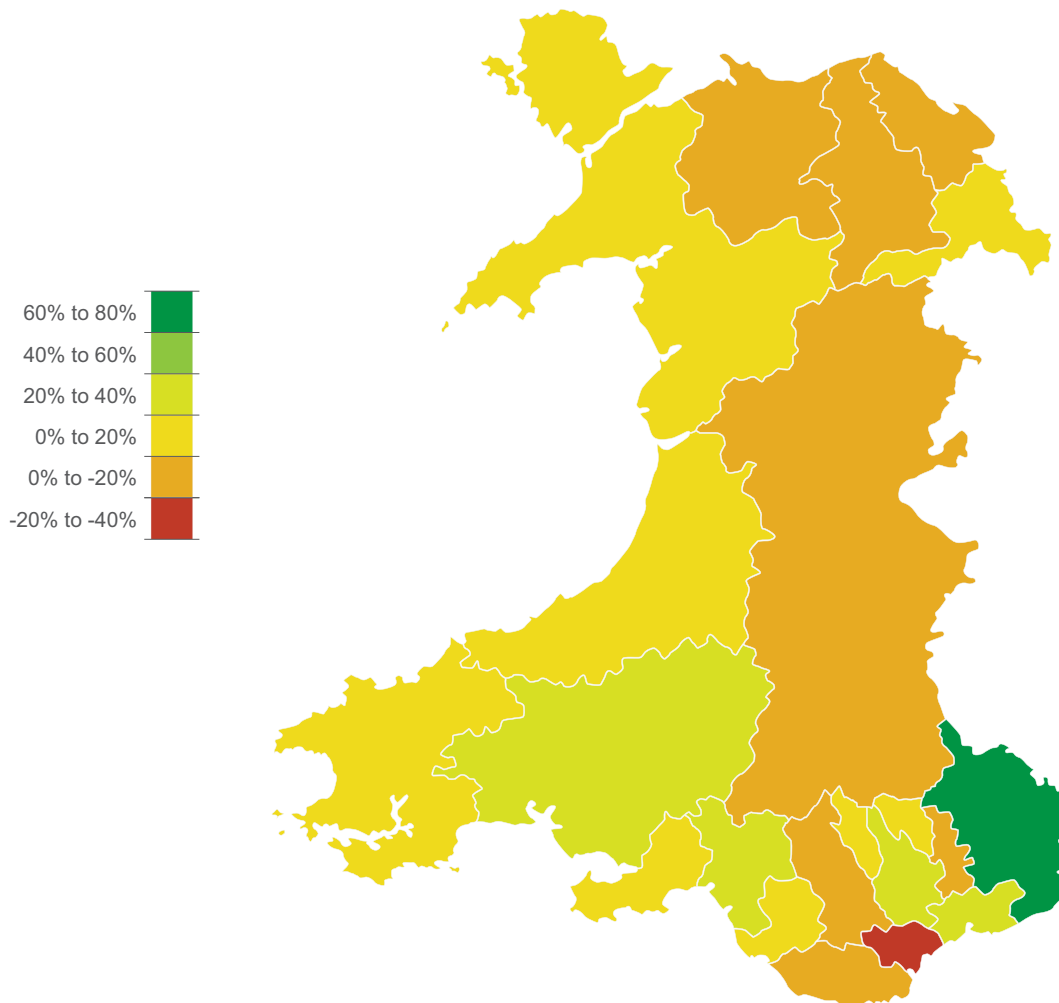
### **The number of people using council leisure services increased by 3.4 per cent between 2009-10 and 2014-15, although there is a mixed picture between authorities as to how well leisure services are performing**

- 3.3 Councils make use of Key Performance Indicators (KPIs) both as part of their strategic planning activity and to manage operational performance and identify areas of improvement. KPIs can cover both financial and non-financial measures or metrics and allow a council to evaluate how successful it is, typically in terms of making progress towards its long-term goals. However, there is only one national KPI that all councils currently report their performance against. This KPI shows that there has been a 3.4 per cent increase in the number of people using council leisure facilities, rising from 25.8 million visits in 2009-10 to 26.7 million in 2014-15.
- 3.4 Increasing take up of leisure services can make both a positive contribution to improving public health but also positively impact on increasing income for councils. Our analysis of the performance of Welsh councils set out in [Exhibit 12](#) found that between 2009-10 and 2014-15, 14 councils have seen an increase in the number of people visiting council sport and leisure centres during the year where the visitor will be participating in physical activity. The largest increases have been in Monmouthshire (63.3 per cent), Newport (36.5 per cent) and Carmarthenshire (36.2 per cent). Of the eight councils where there has been a reduction over this period the largest was in Cardiff (26.5 per cent), followed by Denbighshire (14.6 per cent) and Flintshire (8.4 per cent).



Exhibit 12 – Percentage change in number of visits to council sport and leisure centres where the visitor will be participating in physical activity, 2009-10 to 2014-15

Fourteen of the 22 Welsh councils have seen an increase in the number of people using their services.



Source: Stats Wales, LCS/002a/LCS/002b.

## Councils do not always have the right data available to support effective decision-making and are not well placed to monitor and evaluate their approaches to leisure provision to target improvement and ensure that services are sustainable

- 3.5 To effectively manage services and make the right strategic decisions, councils need to be clear about their strategic leisure intentions and focus on making better and smarter choices that prioritise interventions and service decisions based on 'cost: benefit: impact'. This allows councils to both identify the relative effect of decisions such as reducing expenditure or prioritising capital investment but also to be clear what the impact of these decisions will be on strategic and operational outcomes. In essence, this approach supports councils to see which of their decisions gets the best return for the council when considering future priorities.
- 3.6 Critical to this approach is using data effectively to support decision makers to take informed and evidence-based policy and operational choices. Increasingly, therefore, evidence is going to be required that shows the relationship between inputs (how much we spend), outputs (how much did we purchase/how many people used the service) and impact (what are the outcomes we achieved and how did we benefit our citizens). However, too much of the performance data collated measures quantity and sometimes quality (or satisfaction) but seldom focuses on understanding or showing the beneficial impact of leisure services on public health and well-being.
- 3.7 From our review, we found that this is an area of work that councils continue to have difficulties with. Because there is only one statutory leisure KPI, much of the current reporting of leisure activity focuses on operational performance of facilities – for example, participation rates, income generated at specific centres, staff sickness absence rates, percentage of savings realised and income raised by different payment methods. Whilst this provides good information on the operating environment, it does not provide the wider view of what the benefits for the service are on citizens and how leisure services contribute to addressing health inequalities and also what leisure services citizens will want in the future. Such limitations in data coverage, however, make it difficult to evaluate what benefits the leisure services are bringing, and councils need to address this if they are to make the right choices on how and what services they provide in the future.
- 3.8 From our fieldwork we identified a good approach to monitoring the performance of leisure services that is undertaken by Denbighshire County Council.

### Good Practice Example – Denbighshire County Council

The Council has created a Quarterly Management Information ‘dashboard’ for each service area, where all results are reviewed and challenged. A comprehensive suite of measures has been set for each of the service plan outcomes covering areas such as participation rates (including specific demographic groups), income generated at specific centres, sickness absence rates and savings realised.

To monitor the uptake and demand for services, Denbighshire are also utilising their leisure membership system. When members register, they are issued with a membership card which they must present every time they use any facility. This provides ‘lifecycle’ information about the level of usage experienced in all eight of its leisure facilities, including identifying peak usage times and which provisions and classes are most popular.

Officers use the data generated by the system to evaluate all services and make decision on which ones to expand or reduce. The system also provided demographic information about service users, which has enabled the Council to target services and campaigns where gaps are identified. This data is used to make decisions about where services need to be expanded or where services can be reduced.

Denbighshire County Council has improved the performance and efficiency of its six leisure centres that are shared with schools by identifying times in the day when school use is not required so allowing increased public access. It has achieved this by making clear to schools the unit cost for their use of the centres, so schools only get ‘charged’ for what they actually use and this is a good example of using data effectively to understand how best to provide services to the public and support good quality decision-making.

- 3.9 Scrutiny committees will continue to have a key role in overseeing performance of services, holding executive members and senior managers to account, reviewing the performance of services to identify opportunities for improvement and to challenge underperformance. We found that this is an area of work that councils have struggled with. The findings of our surveys highlight a difference in opinion between senior officers and elected members on the effectiveness of their council’s scrutiny work in overseeing and challenging the performance of council leisure services.
- 3.10 In **Exhibit 13** we summarise our survey findings with elected members and senior officers on the range information that is formally scrutinised by elected members.
- 3.11 We found that 91 per cent of senior officers agreed that elected members receive sufficient information about the number of people using leisure services to enable them to scrutinise and understand how well the service is performing. However, this is much higher than the responses from elected members where only 68 per cent agreed with this statement. Whilst elected members and senior officers are broadly in agreement that customer satisfaction information is scrutinised – 58 per cent and 54 per cent respectively – these proportions are not high enough.

**Exhibit 13 – Comparison of elected members and senior officers strongly agreeing and agreeing that the scrutiny of leisure services is effective in key areas**

Senior officers and elected members have different views on the effectiveness of scrutiny committees in overseeing the performance of leisure services



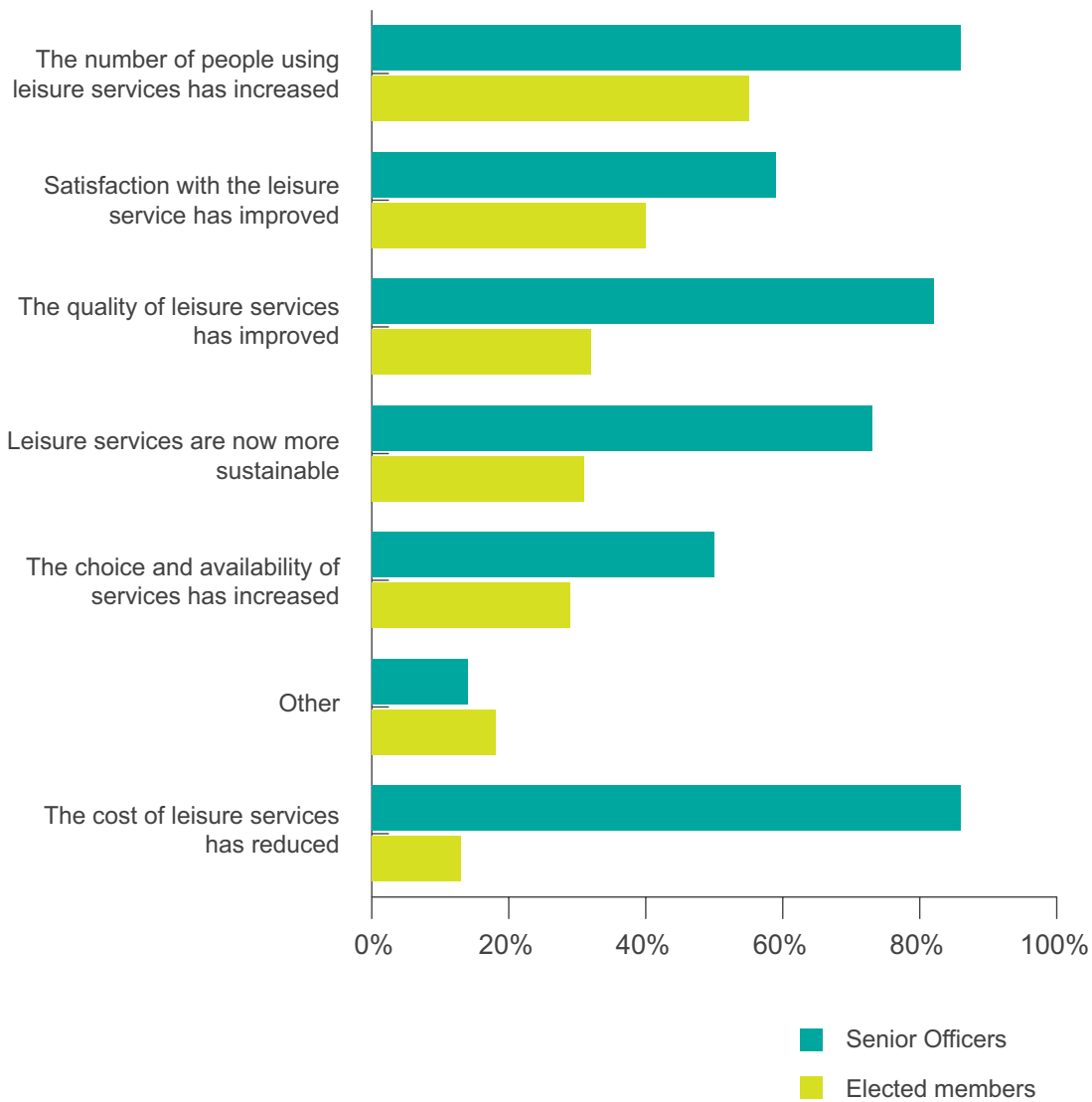
Source: Wales Audit Office, Elected Member and Senior Officer Surveys, April 2015.

3.12 In addition, three-quarters of senior officers and 60 per cent of elected members believe they have sufficient information on income derived from leisure services to effectively scrutinise performance. With regard to scrutinising information about leisure services’ capital and revenue expenditure, we found that 65 per cent of elected member survey respondents agreed that they had sufficient information to undertake this work effectively. This is lower than for senior officers, where 82 per cent agreed.

3.13 In Exhibit 14 we compare survey responses from elected members and senior officers in respect of the impact of changes to their council's leisure services since April 2012. Our analysis shows that senior officers believe there have been greater levels of improvement on six of the seven areas we surveyed.

**Exhibit 14 – Comparison of elected members' and senior officers' views on the impact of changes to their council's leisure services since April 2012**

Senior officers report significant improvements in their council's leisure services but elected members have seen less improvement on six of the seven standards we surveyed against.



Source: Wales Audit Office, Elected Member and Senior Officer Surveys, April 2015.

- 3.14 The difference in opinion between elected members and senior officers also varies widely. For example, 86 per cent of senior officers confirm that the cost of their leisure service has reduced compared to 13 per cent of elected members. Similarly, whilst 82 per cent of senior officers stated that the quality of their council's leisure services has improved, this is much higher than elected members where 32 per cent noted an improvement. Given the significant difference in opinion on these changes, it is clear that oversight and scrutiny of leisure services are not effective and councils need to improve how they monitor and evaluate performance.
- 3.15 Only 39 per cent of elected members believe that the quality of their council's leisure services has improved since April 2012, 26 per cent that the quality has deteriorated, and 34 per cent stated they did not have sufficient information to judge how services were performing. This compares less favourably with the views of senior leisure officers where we found that 72 per cent of senior officers felt the quality of leisure services was improving and 10 per cent that they were declining. However, only 23 per cent of elected members believe that the quality of their council's leisure services will improve in the next two years compared to 63 per cent of senior officers. In addition just under a half of elected members who responded to our survey believe that the quality of their council's leisure services will get worse.
- 3.16 Elected members and senior officers responding to our survey noted some significant challenges that face councils, in particular the reduction in public funding and changes to the model of provision having a potentially negative impact on users. There is also an acknowledgement that leisure services are still undervalued for their wider contribution, particularly the impact of changing and reducing leisure provision on health and social care services where the council has less direct control to influence activity. There is also recognition that councils need to have a better focus on what users want now and in the future, and information to underpin decisions, especially on commercial activity, needs to be improved.
- 3.17 We also found some weaknesses in how councils are monitoring the performance of their leisure services. The Vale of Glamorgan Council receives an annual report to its Scrutiny committee with responsibility for leisure services from Parkwood. This system had some weaknesses in its early operation. For instance, the Annual Report for 2013 was basic and lacked evidence of contract performance. The Annual Report included a range of performance indicators, but some indicator information was left blank and a lack of targets made it difficult for members of the scrutiny committee to challenge the performance of the contractor. The Council recognised that it needed to improve its approach to contract monitoring, and a list of measures and reporting requirements is now in place. The Council has also established a contract monitoring group to strengthen these arrangements.

## There is a wide variation in citizens' views on the quality, cost and availability of leisure services

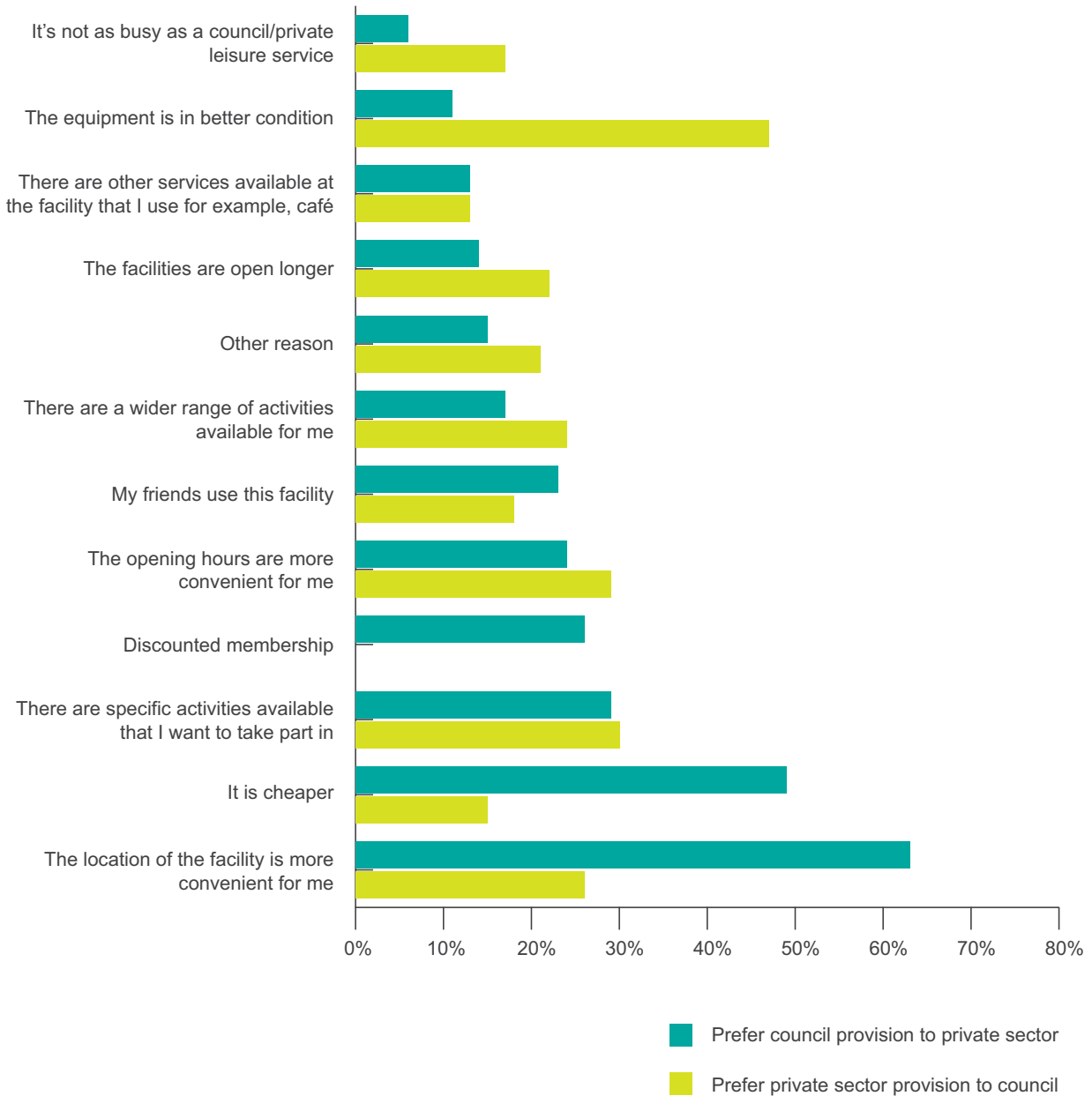
- 3.18 Historically, many councils have prioritised providing leisure facilities that are easily accessible and usable by the whole community, and the prices charged are set to encourage use, rather than designed to recover cost. The possibility of charging commercial prices for certain activities is now growing given the financial challenge councils face in maintaining services with less money. A small number of respondents to our survey noted increasing costs for activities at council leisure facilities. Some recognised that those increases were necessary given other pressures on council budgets but often increases were not well communicated to users.
- 3.19 Sixty-three per cent of our survey respondents felt that council leisure services are good value for money. However, 52 per cent of our survey respondents stated that they are paying more to use the service than a year ago but 27 per cent said they were not and 21 per cent did not know. Some 33 per cent of citizens did not know if the council charges less than private providers and only 37 per cent agreed that the quality of the leisure service has improved since January 2014. The responses from citizens highlight the increasing challenges for council leisure services in communicating service changes and the 'financial' value of the services they provide to their users.
- 3.20 However, we found that the vast majority of citizens responding to our survey – 83 per cent – told us that they did know the full range of leisure services provided by their council, and 77 per cent that they found it easy to obtain information about council leisure services in their local area; for example, opening times, cost of services and frequency of classes.
- 3.21 As part of our on-line survey we asked citizens their preference for using public or private leisure facilities. **Exhibit 15** summarises the responses received and shows that on the 12 preference measures<sup>17</sup> we asked respondents to rate, citizens preferred public as opposed to private leisure facilities on just four of the 12 options which related to cost, location of the facility and whether their friends used the facility. The areas where private facilities were viewed more favourably were in respect of the quality of the equipment, which was seen as both more modern and in a better condition, how busy private facilities are compared to council facilities and the hours of operation.
- 3.22 The level of negative comments – that services have either declined in quality or are not as widely available – is much higher for this review of leisure services than the responses to our first **Delivering with Less**<sup>18</sup> study reviewing Environmental Health services. This suggests that the reductions in public finances are now being felt more acutely in leisure provision, with the range and quality of the services that are available beginning to reduce and the cost of services for the user is starting to increase.

<sup>17</sup> The preference measures we used cover issues such as affordability, opening times, location and range of activities, and taken together allow for a direct comparison of experiences of users of council and private leisure providers.

<sup>18</sup> Wales Audit Office: **Delivering with less – the impact on environmental health services and citizens**, October 2014

**Exhibit 15 – Comparison of citizens' preference for using public or private leisure services**

Citizens rated private leisure services more favourably than council sector provision.



Source: Wales Audit Office, Citizen online survey, April 2015.



The hygiene and cleanliness standards were not acceptable.

The cleanliness of one of the swimming pools in my area is dreadful and despite completing customer comments forms, over the course of eight weeks no improvement has been made. Having affordable access to sports facilities is really important to my family and me, but I think that management could be improved to ensure that the facilities are kept in good order.

Quality of children's swimming lessons provided at the Council pool is very poor and badly managed and has been for years – the quality hasn't declined because it probably couldn't get much worse. Don't know anyone who is satisfied with the service. Many staff provide a strong impression that they couldn't care less about their work. Main problem is probably very poor management.

Llanishen Leisure centre is in a bad state of repair. The upper activity area ceiling is falling down, the building leaks, the mats used for circuits have not been changed for nearly 10 years, there is no family changing area, all the council pools are too shallow or unsafe to dive or jump in. The pool at Llanishen Leisure centre is only 20 metres across and is for leisure so unsuitable for proper training. The stamina swim session has been cancelled with no one sure when it is coming back. I also dislike the women only swim session offered at some facilities which only allow certain women to use it.

Changing facilities have been the same ever since I can remember – I learnt to swim there around 8 or possibly younger and am 23 now. It has taken me years (from about age 14) to drag myself back to using the facilities simply because I do not like how outdated they are and how the water is warm, the shower facilities are not good and the changing rooms sadly frequently smell slightly unpleasant. The hours are also slightly limiting and it's unfortunate that the student discount times are not after 4pm as that's usually when I can go.

In some facilities the lack of investment is evident and would appear to be part of a long-term plan to reduce provision.

Showers rubbish, multi sex changing rooms disgusting and expensive for what you get.



Citizens' comments about quality of services  
Source: Wales Audit Office, Citizen Survey, April 2015

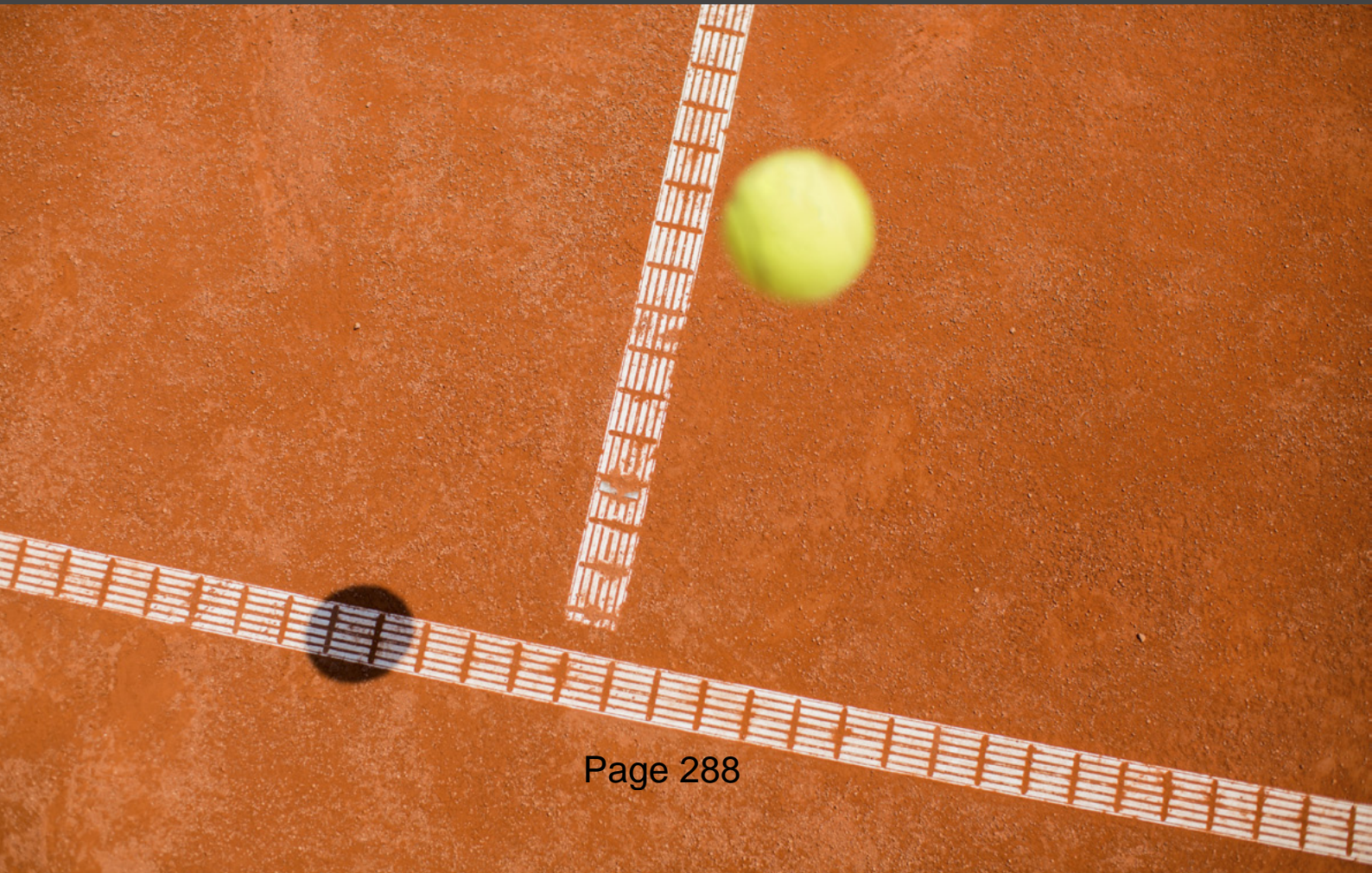
# Appendices

Appendix 1 - Study Methodology

Appendix 2 - Council improvement objectives 2015-16  
relating to leisure and health improvement

Appendix 3 - End-to-End Options Appraisal Flow Chart

Appendix 4 - Income, expenditure and net cost (subsidy)  
by council in 2009-10 and 2014-15



# Appendix 1 - Study Methodology

## Review of literature, data and statistics

We have reviewed a wide range of documents and media, including:

- Welsh Government policy and guidance documents;
- performance indicator returns from local authorities to StatsWales, Sport Wales and the Benchmarking Hub; and
- relevant research and guidance from councils, representative bodies such as the Welsh Local Government Association and research bodies.

## Analysis of council budgets and service usage data

We completed an assessment of councils' budgets for leisure services based on data returns provided by all 22 Welsh councils.

## Fieldwork

We visited four local authorities in Wales, between November 2014 and April 2015. These were:

- Denbighshire County Council
- Isle of Anglesey Council
- Powys County Council
- Vale of Glamorgan Council

During the visits, we interviewed a range of council staff and elected members. We also reviewed council plans and strategies for leisure services. We also undertook fieldwork at a national level with representative bodies including the Welsh Government, Welsh Local Government Association and Sports Wales.

## Surveys

We undertook a range of surveys:

- We made available an on line survey for elected members across Wales and received 169 responses.
- We surveyed heads of Leisure Services in each council and received responses from all 22 councils.
- Finally, we made available, and promoted, an online survey for Welsh citizens. The survey ran from November 2014 to April 2015 and we received 509 responses.

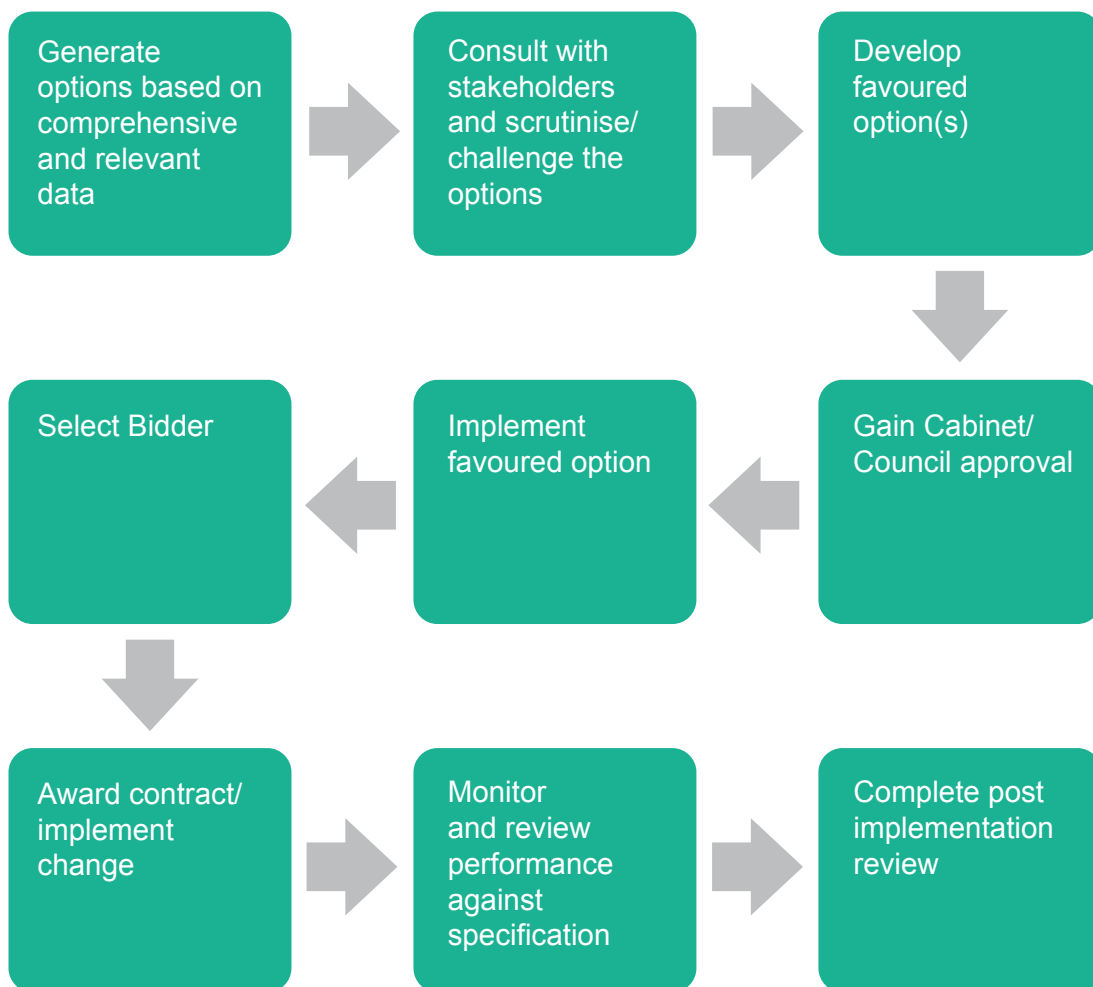
## Appendix 2 - Council improvement objectives 2015-16 relating to leisure and health improvement

Council	Improvement objective
Bridgend	Working together to tackle health issues and encourage health lifestyles.
Conwy	People in Conwy are healthy and independent.
Isle of Anglesey	Transforming our leisure and library provision.
Merthyr Tydfil	People, who live and work in Merthyr Tydfil are supported to enjoy a healthier and better quality of life.
Powys	<p>Powys citizens will lead fuller and longer lives, be resilient, have good health and be more able to participate and contribute to their communities.</p> <p>Powys citizens will be supported and empowered to lead active and healthier lives.</p>
Vale of Glamorgan	Citizens of the Vale of Glamorgan are fit, healthy and have equality of outcomes, and through appropriate support and safeguards, the most vulnerable members of our community maximise their life opportunities.
Wrexham	All people are enabled to make healthy choices.

# Appendix 3 - End-to-End Options Appraisal Flow Chart

The primary purpose of option appraisal is to help develop a value-for-money solution by making fair comparisons of different options. However, options appraisals should go beyond a traditional financial analysis and pick up broader social, environmental and economic effects, as well as how the service or project being appraised contributes to the strategic direction and priorities of the council.

The key stages of an options appraisal are summarised in the following diagram:



## Appendix 4 - Income, expenditure and net cost (subsidy) by council in 2009-10 and 2014-15

Council	2009-10			2014-15		
	Expenditure £'000	Income £'000	Subsidy £'000	Expenditure £'000	Income £'000	Subsidy £'000
Isle of Anglesey	4,363	1,329	3,033	3,435	1,648	1,787
Gwynedd	9,739	4,390	5,349	9,724	4,707	5,017
Conwy	6,221	2,628	3,593	6,301	3,086	3,215
Denbighshire	5,239	2,309	2,930	4,785	2,547	2,238
Flintshire	9,250	3,909	5,341	10,411	4,528	5,883
Wrexham	7,508	3,787	3,721	4,922	1,997	2,924
Powys	8,580	5,391	3,188	8,174	3,158	5,016
Ceredigion	3,123	1,018	2,105	2,915	967	1,948
Pembrokeshire	7,264	2,473	4,791	5,961	3,465	2,496
Carmarthenshire	6,772	2,770	4,002	6,266	2,809	3,457
Swansea	9,603	3,354	6,249	9,224	3,295	5,929
Neath Port Talbot	6,781	668	6,113	4,572	389	4,183
Bridgend	7,827	306	7,522	4,805	495	4,310
Vale of Glamorgan	5,326	2,277	3,049	2,484	665	1,819
Rhondda Cynon Taf	13,688	4,319	9,370	13,195	4,299	8,896
Merthyr Tydfil	4,408	1,364	3,045	3,908	1,379	2,529
Caerphilly	11,398	2,911	8,487	13,836	4,662	9,175
Blaenau Gwent	5,611	2,802	2,809	3,841	1,233	2,608
Torfaen	6,440	2,056	4,384	2,762	116	2,646
Monmouthshire	5,519	2,006	3,513	5,206	2,461	2,745
Newport	9,163	2,905	6,258	8,756	3,746	5,011
Cardiff	17,287	6,115	11,172	17,535	8,056	9,479
<b>Total</b>	<b>171,110</b>	<b>61,087</b>	<b>110,024</b>	<b>153,017</b>	<b>59,708</b>	<b>93,309</b>

Note - **Green** = improving 'subsidy' position; and **Red** = 'deteriorating' 'subsidy' position.

Exhibit source: Analysis of Revenue outturn income and expenditure for council recreation and sports services in 2008-09 and 2014-15, StatsWales.



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**CITY & COUNTY OF CARDIFF****DINAS A SIR CAERDYDD****ECONOMY & CULTURE SCRUTINY COMMITTEE****21 JULY 2016**

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**COMMITTEE'S 2016-17 WORK PROGRAMME**

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**Purpose of Report**

1. To present information that will enable Members to discuss and agree priorities for Committee's 2016/17 Work Programme.

**Background**

1. Scrutiny Procedure Rule 7 in the City of Cardiff Council's Constitution states that each Scrutiny Committee will set its own work programme. This would normally be undertaken at the beginning of a municipal year, and updated as the work progressed. The work programme needs to be carefully constructed, so that the time available to the Committee is used most effectively, and to explore topics within Committee's terms of reference, which include:

- Cardiff City Region City Deal
- Inward Investment & the Marketing of Cardiff
- Economic Strategy & Employment
- European Funding & Investment
- Small to Medium Enterprises
- Cardiff Harbour Authority
- Lifelong Learning
- Leisure Centres
- Sports Development
- Parks & Green Spaces
- Libraries, Arts & Culture
- Civic Buildings
- Events & Tourism
- Strategic Projects
- Innovation & Technology Centres
- Local Training & Enterprise.

2. This Committee is responsible for developing and managing its work programme to enable it to discharge its responsibilities under the Council's Constitution. Attached at **Appendix A** is a short guidance document setting out the process for developing a scrutiny work programme. This includes:
  - a **range of factors to balance** in establishing a work programme;
  - some **principles** to consider when setting a work programme;
  - an outline of the **P.I.C.K methodology** used to ensure that items suggested for scrutiny are likely to create impact, be important and relevant to the Council and its citizens, and avoid duplicating work undertaken in other arenas;
  - the range of **sources for work programme suggestions**.
3. Throughout the past municipal year, this Committee has scrutinised the Council's 2016/17 Cabinet Budget Proposals, the Corporate Plan 2016/17, quarterly performance reports and the relevant 2016/17 Directorate Delivery Plans. Through this Scrutiny, Members will have gained familiarity with the key challenges and opportunities facing the Council and City that are associated with the delivery of outcomes connected with these three sets of documents.
4. On 4 June 2015 this Committee also agreed its *draft Annual Report for 2015/16*, which set out the achievements of the Committee during the past year, the areas of work that the Committee had wished to undertake but had not been able to conclude, and some indicative work programming priorities for the year ahead.

### **Issues to Consider**

5. The document attached at **Appendix B** seeks to consolidate all of the information referred to in paragraphs three and four above into a catalogue of potential items, which Members may find of use in advance of their work programming forum. The Principal Scrutiny Officer sought to explore all of the sources of information referred to in the guidance on work programming, and the appendix includes:

- i) Items Members had hoped to explore in 2015/16, but were not able to prioritise due to other items assuming a higher priority;
  - ii) Items identified for future scrutiny during meetings held in 2015/16;
  - iii) Items suggested by Cabinet Members as being of potential benefit to their policy development agenda;
  - iv) Topics suggested by elected Members who were not in the Committee as being of potential benefit to communities in Cardiff;
  - v) Key commitments and targets from the Council's Corporate Plan and Directorate Delivery Plans;
6. A range of stakeholders, organisations and voluntary groups have been contacted and asked if there are any items they wish to have considered for inclusion in the 2016/17 work programme. Members will be informed of any suggestions prior to formal sign off of the work programme in September 2016.
7. **Appendix C** is included as an illustrative overview of the work programme for 2016/17, prior to items being agreed. Members will note that there is scope for approximately 15 items to be considered through the year, plus quarterly budget and performance monitoring, and committee business items – however it should be stressed that this document is not prescriptive, and that the number of items considered at each meeting will vary depending on their scale.
8. It is important to note that Committee meetings will not take place in April and May due to the pre election period. Welsh Local Government Elections are scheduled for Thursday 4 May 2017. Meeting dates for the 2016/17 work programme were confirmed at Full Council on Thursday 30 June 2016. The dates for Economy and Culture are:

Thursday 21 July

Thursday 8 September

Thursday 6 October

Thursday 3 November

Thursday 8 December

Thursday 12 January

Tuesday 14 February

Thursday 9 March

9. Members may wish to note **Appendix D** which shows the Committee work programme completed for 2015/16. This also identifies a number of items that were postponed through the year and will be included for consideration in setting the 2016/17 work programme.
  
10. Members may wish to consider advice contained in the September 2014 Corporate Assessment of Cardiff Council undertaken by Wales Audit Office, which suggested that scrutiny committees should aim to achieve committee meetings that last no longer than three hours, whilst maintaining robust and appropriate levels of scrutiny across the terms of reference, by ensuring agendas are of a manageable size and that work occurs outside committee meetings.
  
11. An effective work programme should aim to fulfil the 'four cornerstones of public scrutiny' identified by the Centre for Public Scrutiny<sup>1</sup>. These are that the practice of scrutiny:
  - Is led by 'independent minded governors' who own the scrutiny role;
  - Presents a 'critical friend challenge' to the Executive;
  - Represents the views and concerns of the citizen; and
  - Leads to the improvement of public services.
  
12. This framework was built upon in 2013, when the Welsh National Scrutiny Officers' Network published "The 15 Characteristics of Effective Scrutiny in Wales<sup>2</sup>" (subsequently endorsed by Wales Audit Office, the Older Person's Commissioner for Wales and others), which were designed to ensure that scrutiny led to:
  - Better Outcomes for the area;
  - Better Decisions for the organisation; and
  - Better Engagement with citizens.

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<sup>1</sup> [www.cfps.org.uk](http://www.cfps.org.uk)

<sup>2</sup> <https://www.cardiff.gov.uk/ENG/Your-Council/Councillors-and-meetings/Scrutiny/Documents/Guidelines%20for%20effective%20Scrutiny%20in%20Wales.pdf>

## **Way Forward**

13. At their meeting on 9 July, Members will have the opportunity to consider the list of items identified within Appendix B and discuss which topics should be prioritised for the 2016/17 work programme. Members of the Committee will also have the opportunity to suggest additional items they consider important to consider in the 2016/17 work programme.
  
14. Having agreed broad priorities at this meeting, the Committee may wish to task the Principal Scrutiny Officer to incorporate their suggestions and agreements into an updated draft work programme grid, and to bring this back to Committee's September 2016 meeting for formal agreement and adoption. This may involve the Principal Scrutiny Officer meeting with the relevant Directors to discuss the timing of items and ensure that key services, policies and initiatives have been captured.

## **Legal Implications**

15. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

16. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **Recommendation**

The Committee is recommended to:

- i. Discuss and agree priorities and items to be considered within the Economy and Culture Scrutiny Work Programme for 2016/17.
- ii. Task the Principal Scrutiny Officer to update the draft work programme document and bring this back to Committee's September 2016 meeting for final agreement and adoption.

**David Marr**

**Interim Monitoring Officer**

**15 July 2016**

### **Overview of Work Programming Process 2015-16**

Setting the Work Programme for the Scrutiny function is an important stage in the Scrutiny process. An effective Scrutiny work programme will identify the key topics that Scrutiny will consider over the coming year. A well planned Scrutiny work programme will help both officers and members plan their workloads as well as providing a clear picture to the public of planned Scrutiny activity.

### **Factors to Balance in Devising Work Programmes - “Four Cornerstones of Public Scrutiny”**

A Scrutiny Committee, and its work programme should:

- Provide ‘critical friend’ challenge to Executive policy-makers and decision makers
- Enable the voice and concerns of the public to be heard
- Be carried out by ‘independent minded governors’ who lead and own the scrutiny role
- Drive improvement in public services.

### **What should a work programme include?**

**Policy Development** – Where the Committee contributes to the Council’s policy development processes by considering green papers or draft policy documents;

**Inquiries** – Where the Committee undertakes an examination of a topic over a period of time, resulting in a formal report to the Cabinet. These can be short inquiries, such as deep dives, or longer inquiries, as required.

**Short Scrutiny Studies** – Where the Committee examines a particular service or issue at one or two meetings, rather than a full inquiry. Frequently such scrutiny activity results in a letter being sent to the relevant Cabinet Member with recommendations or comments.

**Pre Decision** – Where the Committee evaluates and comments on policy proposals before they go to the Cabinet, giving the Cabinet the opportunity to know Scrutiny Member’s views prior to making their decision.

**Monitoring Performance and Progress** – Where the Committee undertakes monitoring of the Council’s performance and progress in implementing actions previously agreed.

### **Work Programming Principles**

- **Add value** to the work of the Council in delivering services to our citizens.
- **Prioritisation** - try to focus on quality over quantity.

- **Thematic** - avoid focusing on just specific services delivered by the Council and consider wider issues.
- **Balance** - to avoid focusing on a limited part of the terms of reference.
- **Involve** - where possible involve partners, stakeholders and the public.
- **Flexibility** – review the work programme on a regular basis and change it as priorities alter.
- **Terms of reference** – work within the terms of reference of the Committee.
- **Team work** -Leave party politics at the door, work as a team and focus on wider issues that impact on all Cardiff citizens.
- Remember, you are the voice of the citizen within the organisation.

### **Sources of suggested items**

A range of potential items have already been identified for consideration in the 2016/17 work programme. These have been provided from a number of sources, as outlined below:

- Items identified as part of the 2015/16 work programme
- Suggestions from elected members
- Suggestions from stakeholders and relevant organisations (pending responses from such organisations)
- Items listed in the Cabinet forward plan
- What Matters Programmes and work stream activities

These suggestions are captured within **Appendix B**. At the July Committee meeting, Members will receive presentations from the appropriate Directors to identify key challenges and projects for the year that the Committee may wish to consider. Committee Members will also have the opportunity to suggest items to be considered when setting the final work programme.

### **Prioritisation**

Members are reminded that the Committee will be unable to scrutinise every item suggested by the sources above. It is important that Committee meetings remain focused and are not overburdened with too many items on the agenda. **Appendix C** provides an example of a blank work programme structure – members will note that there is scope for approximately 20 items to be prioritised for consideration throughout the year.

### **Sustainability of work programme**

In setting a work programme, members should also be mindful of:

- Members capacity to do the work
- Resources available to support Members



- Scrutiny Officers
- Scrutiny Research
- Leave space for items that emerge during the year

### **The key to making a difference?**

- Items need to be timely, i.e. considered at a time when change can be considered or implemented.
- Make sure items meet the **P.I.C.K.** criteria, i.e. they are of **P**ublic Interest, can deliver an **I**mpact, consider **C**ouncil Performance and focus on **K**eeping it in context.
- Items need to be scoped to ensure clear terms of reference

### **P.I.C.K Criteria**

#### **Public Interest**

- The topic is of concern to the public
- It is a “high profile” topic for specific local communities
- This is an area where a lot of complaints are received and/or bad press
- The topic has been identified by members/officers as a key citizen issue.

#### **Impact**

- The Scrutiny will lead to improvements for the people of Cardiff
- The Scrutiny will lead to increased value for money
- This could make a big difference to the way services are delivered
- This could make a big difference to the way resources are used.

#### **Council Performance**

- The topic does support the achievement of the corporate priorities
- The Council and/or other organisations are not performing well in this area
- Do we understand why our performance is poor compared to others
- We are performing well, but spending too much of our resources in this area.

#### **Keeping in Context**

- There is new government guidance or legislation that will require a significant change to services and Scrutiny can positively influence change
- Has the issue been raised by the external auditor in the annual letter
- There are no inspections planned in the near future.

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## Economy and Culture Scrutiny Committee

### Work Programme – items for consideration

Members are minded to consider the following potential items for the 2015/16 Work Programme, with reference to the guidance provided in Appendix A, and in particular the P.I.C.K criteria. Items should:

- be of **P**ublic Interest
- deliver and **I**mpact
- consider **C**ouncil Performance
- focus on **K**eeping in relevant context

Economic Development			
Ref	Suggested / potential item	Source	Comments
ED1	Cardiff Capital Region City Deal	Continued Committee interest	
ED2	Civic Centre Heritage Quarter	Identified in 2015/16 work prog Directorate Delivery Plan	
ED3	Preservation of Cardiff's Heritage	Identified by Cllr Clark	May link to heritage quarter and and mount stuart square plans
ED4	Mount Stuart Square Heritage Quarter/Coal Exchange	Continued Committee interest Directorate Delivery Plan	
ED5	Cardiff Bay Masterplan	Corporate Plan	
ED6	Cardiff Bay (creative industries cluster)	Postponed from 2015/16 work programme	Links to ED5
ED7	Multipurpose Arena / Central Enterprise Zone	Postponed from 2015/16 work	

		programme	
ED8	Tourism Strategy and Action Plan Update	Continued Committee interest	
ED9	City Twinning	Identified by the Leader	Suggested at May Committee meeting
ED10	Music Strategy	Identified by the Leader	Joint with Environmental?
ED11	2012-2017 Committee Review - T&F accepted recommendations actually implemented	Identified by the Leader	
ED12	Alternative Delivery Model – Arts	Identified in 2015/16 work prog Directorate Delivery Plan	Proposed September date
ED13	International Sports Village	Corporate Plan	
ED14	Central Square Development/Transport Interchange (public realm)	Corporate Plan	
ED15	City Hall plans	Directorate Delivery Plan	May link with Civic Centre Heritage item (ED2)
ED16	City of the Unexpected	Directorate Delivery Plan	Roald Dahl 100 year celebration – to take place in September
ED17	Cardiff Castle (new family attraction / restructuring)	Directorate Delivery Plan	

**City Operations**

<b>Ref</b>	<b>Suggested / potential item</b>	<b>Source</b>	<b>Comments</b>
CO1	Sports Facilities Strategic Framework	Postponed from 2015/16 work programme	
CO2	Flat Holm Island Partnership	Postponed from 2015/16 work programme  Directorate Delivery Plan	
CO3	Cardiff Asset Transfer Strategy	Postponed from 2015/16 work programme	
CO4	Community Asset Transfer Reviews <ul style="list-style-type: none"> <li>• Cardiff International Sports Stadium</li> <li>• Insole Court</li> <li>• Maes Y Coed Rd</li> </ul>	Directorate Delivery Plan	
CO5	Parks Friends Groups	Postponed from 2015/16 work programme	
CO6	Volunteering / Time Banking	Postponed from 2015/16 work programme	
CO7	Cardiff Bay Action Plan	Directorate Delivery Plan	
CO8	Parc Cefn Onn Project	Directorate Delivery Plan	
CO9	Green Infrastructure Delivery Plan	Directorate Delivery Plan	

**Communities, Housing and Customer Services**

<b>Ref</b>	<b>Suggested / potential item</b>	<b>Source</b>	<b>Comments</b>
CHC1	Adult Community Learning (performance / cost recovery model / increase in community first areas)	Continued Committee interest	
CHC2	Into Work Services	Identified in 2015/16 work prog	
CHC3	Summer Reading Challenge	Continued Committee interest	
CHC4	Community Hubs	Corporate Plan Directorate Delivery Plan	May be overlaps with CASSC
CHC5	Libraries (volunteers)	Directorate Delivery Plan	
CHC6	Heritage Development Centre (Cathays Library)	Directorate Delivery Plan	
CHC7	Job Fairs	Directorate Delivery Plan	

A number of stakeholders have been contacted with the opportunity to submit Work Programme suggestions for the Committee to consider. Suggestions received after the publication of papers will be tabled at the meeting, allowing Members to consider them alongside the potential items above, and items suggested at the meeting. Some suggestions have been received and are listed below.

\*PSO will capture additional suggestions made at July Committee Meeting

<b>Additional Suggestions</b>			
<b>Ref</b>	<b>Suggested / potential item</b>	<b>Source</b>	<b>Comments</b>
ST1	Economic, Social, Environmental and Cultural benefits of energy efficiency	IWA project (Shea Jones)	May be overlap with Environmental
ST2	City Deal (the role of the arts in delivering projects)	What Next? Cardiff (Laura Drane)	(Econ Dev)
ST3	UK City of Culture 2021 bid	What Next? Cardiff (Laura Drane)	(Econ Dev)
ST4	Impact of EU referendum	What Next? Cardiff (Laura Drane)	
ST5	The potential of Cultural Regeneration in Cardiff and in the Cardiff Capital Region	Arts Council of Wales (Sian Tomos)	May link with ST2
ST6	Cardiff Central Transport Interchange – delays and the achievability of December 2018 opening.	Cardiff Civic Society	Refer to Environmental Scrutiny Committee
ST7	Temporary Coach Station at Sophia Gardens – question suitability as a long term solution	Cardiff Civic Society	Refer to Environmental Scrutiny Committee
ST8	Marine Economy opportunities - the Cardiff tidal lagoon and the tourism, with jobs, tourism, leisure and flood control benefits. Linked to plans for revitalising the semi-derelict areas of east Cardiff around Lamby Way.	Cardiff Civic Society	
ST9	Council Property Review	Cardiff Civic Society	Refer to Policy Review & Performance Scrutiny

			Committee
ST10	Digital Strategy – how can Cardiff become a world leader and support the ambition to improve the GVA of South Wales.	Cardiff Civic Society	
ST11	Support of start-ups and entrepreneurial businesses – linked to work with Cardiff Universities	Cardiff Civic Society	
ST12	Llandaff Fields Sport Changing rooms	Cardiff Civic Society	
ST13	Plans and Strategy for Cardiff hosting major Athletics Events – implications for movement across the city given the multi site nature of such events.	Cardiff Civic Society	



**Example Work Programme - Blank**

Scrutiny Work Streams	8 September (CR4)	6 October (CR4)	3 November (CR4)	8 December (CR4)	12 January (CR4)	Budget meeting 14 February (CR4)	9 March (CR4)	April	May
Items	Item 1	Item 3	Item 6	Item 8	Item 11	Budget and Corporate Plan	Item 14	Pre-election period / purdah (tbc)	Pre-election period / purdah (tbc)
	Item 2	Item 4	Item 7	Item 9	Item 12		Item 15		
		Item 5		Item 10	Item 13				
	Q1 Performance		Q2 Performance				Q3 Performance		
		Correspondence		Correspondence			Correspondence		
Committee Improvement Inquiries	Inquiry 1								
					Inquiry 2				

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**Note** this document is not prescriptive and the number of items considered at each meeting will vary dependant on their scale.

Substantial items are illustrated in dark orange, less substantial items in light orange

flexibility exists with the number of Committee Improvement Inquiries. Members may wish to undertake less, larger pieces of work, or indeed more, smaller pieces of work throughout the year

Members may wish to leave space for items that arise as the year progresses

It is anticipated that the April and May cycle of meeting will be affected by the pre-election period leading up to the Local Council Elections

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Corporate	City Operations
Economic Development	Communities

Scrutiny Work Streams	9 July (CR4)	10 Sept (CR4)	15 October (CR4)	5 November (CR4)	3 December (CR4)	14 January (CR4)	Budget meeting 4 February (CR4)	17 March (CR4)	7 April (CR4)	12 May (CR4)	9 June (CR4)	21 July (CR4)
Pre Decision Scrutiny	Roath Library	Business Improvement District	Cardiff Business Council			Budget Consultation - stakeholders				Business Improvement District		Business Improvement District
				Library Stock Management								City Deal
Policy Development / Review	Allotment Strategy	Strategic Framework - Sport & Leisure	Arts Council of Wales - potential of the arts	WPLS 5th Framework	City Deal	Summer Reading Challenge		Tourism Strategy Action Plan		Cardiff Central Market	Coal Exchange	Leisure Management Procurement
				Central Library Hub				City Deal				
Corporate and Performance items		Q1 Performance			Q2 Performance	ACL 14/15 performance	Budget and Corporate Plan	Q3 Performance	Delivery Plans	Q4 Performance		
Committee Business Items and information reports	Work Programme	Work Programme	Correspondence		Correspondence			Correspondence			Correspondence	WAO - Delivering with Less
			3rd Sector Q's trial	3rd Sector Q's trial						Annual Report	Work Programme	Work Programme
Committee Improvement Inquiries		Council Allocation of NNDR										
		Cardiff Maritime Heritage										
		Council spend with Local Businesses (not commenced)										
				Transport Hub (pre-cabinet)					Transport Hub (pre-cabinet)			

Postponed Items

Flatholm Partnership	Sports Strategic Framework	Cardiff International Sport Stadium	Central Enterprise Zone (Convention)	Civic Centre Masterplan	Mount Stuart Heritage Quarter	Cardiff Asset Transfer Strategy	Arts Venues Management Procurement
Sept	Sept	Nov / Dec	Sept	Autumn	Autumn	tbc	Sept

Potential Items Not Considered in 15/16

Volunteering / Time Banking	Into Work Services	ACL (Cost Recovery Model)	Parks Friends Groups
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