

LEISURE MANAGEMENT PARTNERSHIP: DELIVERY UPDATE

Purpose of the Report

1. To provide Members with the opportunity to scrutinise progress in delivering the Leisure Centre Management Partnership between the Council and GLL (Greenwich Leisure Limited).

Scope of Scrutiny

2. The scope of the scrutiny is to scrutinise the contract management process and performance of the Council and GLL over the last year. As part of this scrutiny, Members will be able to test whether there is effective contract management, whether the partnership is performing to the agreed level, whether it is meeting the needs of Cardiff citizens and communities and whether there are any changes to the Council's commitments and risks. Members will also be able to explore the capital programme and any planned changes to service, such as improvements or reductions.

Background

3. As part of the Council's Organisational Change programme, the Council commissioned a report from Max Associates entitled '*Sport, Leisure and Art Services Management Options Appraisal*'. The report examined possible options for the future delivery of leisure centre services. It concluded that the formation of a partnership with an external organization scored highest, in terms of the evaluation model used.

4. On 15 May 2014, Cabinet resolved that “*procurement processes be carried out for the future management of the Council’s leisure centres and arts venues*”, with the Council’s in-house provision to be used as a comparator to the services offered by bidders.

5. A procurement process was undertaken that split the Council’s leisure centres into four lots, as follows:

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)¹

LOT 3 – NOT IN SCOPE

- Channel View Leisure Centre

LOT 4 – NOT IN SCOPE

- Cardiff International Sports Stadium (transferred to Cardiff & Vale College)².

6. The Business Case detailed in the procurement process set out that one of the objectives of any future delivery model for leisure services must include the elimination of, or at least significant reduction in, the subsidy paid to leisure services. At the time of the procurement, the total net paid to leisure services was circa £3.268m (15/16 outturn).

7. Following a process of competitive dialogue and evaluation of bids received, the preferred bidder that offered the Most Economically Advantageous Tender was identified as Greenwich Leisure Limited (GLL).

¹ Penylan Library and Community Centre included in contract as it hosts a gym

² Considered by Economy and Culture Scrutiny Committee in April 2015 - <http://goo.gl/LGtZxu>

8. The following advantages were 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.

9. The new partnership arrangement with GLL commenced in December 2016, with a formal contract between the Council and GLL. This includes a service specification (known as the Descriptive Document) that covers governance arrangements, the approach to partnership working, opening hours, community benefits, pricing, incentives, catering & vending, customer care & satisfaction, promotion & marketing, quality management & continuous improvement, managing change, managing people and facilities management.

Monitoring Information

10. In order to inform this scrutiny, the partnership has been asked to provide data on the key performance indicators contained in the contract, with comparative data from the same period the previous year where this is available, in order to illustrate the direction of travel re performance trends. The partnership has also

been asked to provide the following information, if available: customer satisfaction/ compliments/ complaints; quality assurance; financial monitoring; details of any defaults issued; information on training and employment opportunities; information on engagement with schools and colleges; and details of any tracked health and wellbeing outputs.

11. The above information is being provided in a presentation to the Committee, which will be circulated to the Committee Members prior to the meeting.
12. In addition, the Chair, Councillor Howells, issued a press release seeking the views of citizens of Cardiff on how the leisure centres are being run; this is attached at **Appendix A**. At the time of publishing this report, responses had been received from over 20 residents. These responses are being collated and will be shared with Committee Members ahead of the meeting.

Previous Scrutiny

13. In early 2014, the Economy and Culture Scrutiny Committee undertook an Inquiry into the first phase of the '*Alternative Operating Models in Leisure and Cultural Venues*' Inquiry. In April 2014, the newly appointed Council Leader, Councillor Phil Bale, asked the Scrutiny Inquiry Team to contribute ideas to the Cabinet report for the 15 May 2014 meeting. Given the growing urgency of seeking solutions in this area, the Committee Chair and Inquiry Members agreed to consider this proposal.
14. The Inquiry Team provided some written thoughts for Committee Members to consider at their meeting on 8 May 2014, as part of the pre-decision process. These were tailored into the Scrutiny Report, attached as part of the report to Cabinet seeking agreement for a process of procurement, which Cabinet considered at their meeting on 15 May 2014.
15. 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. Members wrote to the Cabinet Member – Community Development, Co-operatives & Social Enterprise 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 would 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 were found to compete with the options provided by the wider market.*
- *Members expect social objectives, 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.

16. 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.

Way Forward

17. Councillor Peter Bradbury (Cabinet Member for Culture and Leisure) has been invited and may wish to give a statement. Neil Hanratty (Director of Economic Development), Jon Maidment (Operational Manager, Parks, Sports and Cardiff Harbour Authority), Sarah Stork (Leisure Client Manager), Juliette Dickinson (GLL Regional Director) and Dawn Pinder (GLL Partnership Manager) have been invited to give a presentation and answer Members' questions.
18. At the meeting, Members will have the opportunity to question the panel about contract management, whether the partnership is performing to the agreed level, whether it is meeting the needs of Cardiff citizens and communities and whether there are any changes to the Council's commitments and risks. Members will also be able to explore the capital programme and any planned changes to service, such as improvements or reductions.

Legal Implications

19. 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

20. 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 consider the information attached to this report and received at this meeting and to submit any recommendations, observations or comments to the Cabinet.

Davina Fiore

Director of Governance and Legal Services

1 December 2017