

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 performance of the Council and GLL over the last year in the delivery of leisure centre services covered by the Leisure Centre Management Partnership contract. At their work programming forum meeting on 5 July 2018, Members highlighted that they particularly wished to focus on the following aspects:
 - a. Participation and usage rates
 - b. Capital programme
 - c. Use of GLL leisure centre rooms by public sector organisations
 - d. Any planned changes to services
 - e. Any changes to the Council's commitments
 - f. Any risks to the Council.

Background

3. As part of the Council's Organisational Change programme, the Council commissioned an options appraisal from Max Associates entitled '*Sport, Leisure and Art Services Management: Options Appraisal*'. The report concluded that the highest scoring option was the formation of a partnership with an external organization.

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 used as a comparator to the services offered by bidders.
5. Following a process of competitive dialogue and evaluation of bids received, the preferred bidder that offered the Most Economically Advantageous Tender regarding leisure centres was Greenwich Leisure Limited (GLL).
6. 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.
7. The contract covers the following leisure centres:
 - Llanishen Leisure Centre
 - Eastern Leisure Centre
 - Fairwater Leisure Centre
 - Western Leisure Centre
 - Pentwyn Leisure Centre
 - Maindy Leisure Centre
 - STAR (Splott)
 - Penylan Library and Community Centre ¹
8. The contract includes the reduction of the Council subsidy paid to leisure services. At the time of the procurement, the total net paid by the Council towards leisure services was circa £3.268m (15/16 outturn).

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

9. The contract provides the following advantages:
- Surety of future financial costs to the Council re leisure services
 - Significantly reduced financial risk for the Council
 - Contractor bearing 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).
 - Greater certainty re the delivery of specified services within a contractual framework, protecting the ongoing operation of each facility and maintaining jobs.
 - Robust investment plan for capital investment into facilities
 - Contractor commitment to the achievement of QUEST, the leisure industry quality standard, across the portfolio, which will improve the quality of facilities and services.

Capital Investment

10. As part of the Contract, the Council agreed to make available a sum of £3.5 million to invest-to-save funding for the transferred leisure sites. The Month 6 Budget Monitoring report to Cabinet, dated 15 November 2018, states that:

'This is to enable GLL to improve facilities, generate income and reach a zero subsidy position. £1.288 million was spent in 2017/18, with the balance proposed to be spent in this year. Schemes include the refurbishment of health and fitness suites at Pentwyn, Llanishen, and Fairwater Leisure Centres. Expenditure proposals are agreed between the Council and GLL as part of a joint project board.'

11. In addition, the Month 6 Budget Monitoring report to Cabinet, dated 15 November 2018, states that:
- a. the property asset renewal budget 2018/19 includes £520,000 towards roof replacement at Pentwyn Leisure Centre
 - b. the priority one works, which include lighting, pool and fire alarm works at Pentwyn Leisure Centre and pool lighting at Llanishen Leisure Centre, have been completed.

Use of GLL leisure centre rooms by public sector organisations

12. The Leisure Centre Management Partnership service specification clearly sets out the requirement for GLL to work with stakeholders in order to promote health and well-being, raise awareness of the role of physical activity in the promotion of health and well-being, encourage increased participation and reduce health inequalities. It also sets out that GLL will work in partnership with a range of stakeholders including Public Health organisations, the Local Education Authority, schools, colleges and universities. GLL are also required to collaborate with community groups and ensure access and participation for all members of the community.
13. At the work-programming forum meeting 5 July 2018, Councillor Stubbs raised concerns that a public sector partner, the NHS, was having problems booking rooms at the STAR centre. Upon investigation, officers confirmed that there had been some initial confusion re booking rooms, as daytime room bookings at the STAR centre are managed by the Council's STAR Hub team rather than by GLL. Officers confirmed that this initial confusion had been resolved quickly and that room bookings for the NHS at the STAR centre were taking place.

Monitoring Information

14. In order to inform this scrutiny, the partnership has been asked to provide usage and participation data, with comparative data from the same period in previous years, including the following information that Members requested following their scrutiny in December 2017:
 - Renewal rates and membership rates
 - Number of individuals using centres
 - Overall number of visits
 - Information re membership and usage broken down by service user profiles including age, gender and ethnicity.
15. The partnership has also been asked to provide an update on the capital programme and customer satisfaction rates.

16. The above information is being provided in a presentation to the Committee, which will be circulated to Committee Members prior to the meeting.

Previous Scrutiny

17. 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 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.

18. 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.

19. The second phase of the '*Alternative Operating Models in Leisure and Cultural Venues*' Inquiry was undertaken in November 2014. Members' 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.*

20. 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.

21. In December 2017, Committee Members scrutinised the first year of operation of the partnership, testing contract management, performance levels, and whether there were any changes to the Council's commitments and risks. In addition, Members were keen to test whether the partnership was meeting the needs of Cardiff citizens and communities. The Chair, Councillor Howells, issued a press release seeking the views of citizens of Cardiff on how the leisure centres were

being run. Responses were received from over 70 residents, with responses collated and shared with Committee Members and the partnership. At the meeting, Committee Members used these responses to frame lines of enquiry with the partnership.

22. Following the meeting, the Chair wrote to Councillor Peter Bradbury (Cabinet Member for Culture and Leisure) detailing Members comments, observations and recommendations; this letter is attached at **Appendix A**. The response from Councillor Bradbury is attached at **Appendix B** and includes details of the GLL User Survey and Usage profiles broken down by age, disability, ethnicity and gender.

Way Forward

23. 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), Jason Curtis (GLL Regional Business Manager) and Dawn Pinder (GLL Cardiff Partnership Manager) have been invited to give a presentation and answer Members' questions.
24. 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

25. 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

26. 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

11 January 2019