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PAPURAU ATODOL

Pwyllgor	PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT
Dyddiad ac amser y cyfarfod	DYDD IAU, 11 MAWRTH 2021, 4.30 PM
Lleoliad	CYFARFOD O BELL – MS TEAMS
Aelodaeth	Cynghorydd Howells (Cadeirydd) YCynghorwyr Henshaw, Gordon, Gavin Hill-John, Lay, Parkhill, Robson, Sattar a/ac Stubbs

Y papurau canlynol wedi'i farcio ' i ddilyn' ar yr agenda a ddsbarthwyd yn flaenorol

3 Adolygiad o'r Contract Hamdden gyda GLL - i ddilyn (Tudalennau 3 - 186)

I'r Aelodau gynnal craffu cyn-penderfyniad ar yr adroddiad i'r Cabinet. Er cefndir, bydd yr eitem hon yn cynnwys Adolygiad Archwilio Cymru o Wasanaethau Hamdden (Hydref / Tachwedd 2020).

Nid yw atodiadau 1, 4, 5, 6, 8, 9 a 10 o Adroddiad y Cabinet sydd ynghlwm yn Atodiad A i'w cyhoeddi gan eu bod yn cynnwys gwybodaeth eithriedig o'r disgrifiad a geir ym mharagraffau 14, 15, 16 a 21 o Atodlen 12A o'r Lleol Deddf Llywodraeth 1972.

4 Pentref Chwaraeon Rhyngwladol - i ddilyn (Tudalennau 187 - 262)

I'r Aelodau gynnal craffu cyn-penderfyniad ar yr adroddiad i'r Cabinet.

Nid yw atodiadau 2-6 o Adroddiad y Cabinet sydd ynghlwm yn Atodiad A i'w cyhoeddi gan eu bod yn cynnwys gwybodaeth eithriedig o'r disgrifiad a geir ym mharagraffau 14, 16 a 21 o Atodlen 12A o Ddeddf Llywodraeth Leol 1972.

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiadd: Dydd Gwener, 5 Mawrth 2021

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Mae'r dudalen hon yn wag yn fwriadol

CYNGOR CAERDYDD
CARDIFF COUNCIL

ECONOMY & CULTURE SCRUTINY COMMITTEE

11 MARCH 2021

REVIEW OF LEISURE SERVICES CONTRACT WITH GREENWICH LEISURE LIMITED (GLL): PRE-DECISION SCRUTINY

Appendices 1, 2, 5, 6, 8, 9 and 10 of the Cabinet Report attached at Appendix A are not for publication as they contain exempt information of the description contained in paragraphs 14 and 16 of Part 4 of Schedule 12A of the Local Government Act 1972. 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

1. To give Members background information to aid the scrutiny of the draft report to Cabinet titled '*Review of Leisure Services Contract with Greenwich Leisure Limited (GLL)*', which is due to be considered by Cabinet at their meeting on 18 March 2021.
2. Members should note that **Appendices 1, 2, 5, 6, 8, 9 and 10** of the Cabinet report attached at **Appendix A** are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors.

Scope of Scrutiny

3. On 18 March 2021, Cabinet approval is sought, in principle, to vary the Leisure Services contract with GLL, in respect of Pentwyn Leisure Centre and removal of the Velodrome facility from Maindy Leisure Centre. The report also highlights changes to service specifications from April 2021 and changes to capital programme.
4. During this scrutiny, Members have the opportunity to explore:
 - i) The reasons why variations to contract are proposed;

- ii) The proposed variations to the existing contract, including:
 - a. Transfer of Pentwyn Leisure Centre to Cardiff Blues;
 - b. Removal of velodrome from Maindy Leisure Centre;
 - c. Changes to service specification;
 - d. Changes to capital programme;
- iii) The likely impact on service delivery;
- iv) The financial implications for the Council;
- v) Whether there are any risks to the Council;
- vi) The timeline and next steps for delivering the proposals;
- vii) The recommendations to Cabinet.

Structure of the meeting

5. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Appendices 1, 2, 5, 6, 8, 9 and 10**.
6. Members will hear from Councillor Peter Bradbury (Cabinet Member – Culture & Leisure), Neil Hanratty (Director of Economic Development) and Steve Morris (Operational Manager – Sport & Leisure). There will be a presentation taking Members through the proposals and recommendations to Cabinet, followed by Members questions.
7. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

Background

8. Leisure Services are discretionary but contribute to the Council meeting statutory obligations set out in the Wellbeing of Future Generations Act (2015). In December 2016, Cardiff Council and GLL commenced a fifteen-year leisure centre management partnership, with GLL contracted to deliver leisure services at

six leisure centres, the STAR centre in Splott and Penylan Library and Community Centre. This resulted in 156 employees (49 FTE) transferring to GLL, via TUPE¹.

9. The contract contains the following:

- i) The Council retains ownership of the facilities;
- ii) The Council provides £3.465m Capital Funding for improvements;
- iii) The Council establishes a client team to oversee contract monitoring and compliance with the service specification;
- iv) GLL utilises surpluses from other contracts to underwrite the initial operating deficit;
- v) GLL are to work with stakeholders to encourage increased participation & reduce health inequalities and to work with partners including community groups to ensure access & participation for all members of the community.

10. The draft report to Cabinet entitled '*Review of Leisure Services Contract with Greenwich Leisure Limited (GLL)*' is attached at **Appendix A** and has **ten** appendices:

- **Confidential Appendix 1:** GLL Contract Financial Analysis
- **Confidential Appendix 2:** GLL Contract Financial Statement
- **Appendix 3:** Audit Wales Report
- **Appendix 4:** Extract from External Audit Tracker (Leisure Services) March 2021
- **Confidential Appendix 5:** Cardiff Blues Proposal & Financial Plan
- **Confidential Appendix 6:** Heads of Terms
- **Appendix 7:** Pentwyn Leisure Centre Capital Investment Proposals
- **Confidential Appendix 8:** Pentwyn Leisure Centre Capital Investment Costings
- **Confidential Appendix 9:** Financial Envelope - Pentwyn Leisure Centre
- **Confidential Appendix 10:** VAT Advice (March 2021).

¹ TUPE stands for Transfer of Undertakings (Protection of Employment) Regulations, which protects terms and conditions.

Issues identified in the Cabinet Report

Reasons for Review

11. In November 2020, Cabinet considered a report on the GLL contract that highlighted an Audit Wales review of Leisure Services in Cardiff had been undertaken and that the coronavirus pandemic has created significant pressure on the current contractual arrangements, as follows:
 - i) Significant decrease in participation levels;
 - ii) It will take longer than originally planned to eliminate the initial operating deficit.

12. Following consideration of the report, the Cabinet gave approval for the Council and GLL to undertake a fundamental review of the contract to identify the greatest challenges and new opportunities and to consider potential variations to the current contract arrangements.

13. **Confidential Appendices 1 and 2** set out the financial position for GLL, including the coronavirus pandemic lockdowns increasing operating losses.

14. In December 2020, Cabinet approved recommendations to consult on proposals to redevelop and expand Cathays High School. This included the requirement to remove the Maindy velodrome to enable expansion of the school.

15. In December 2020, Audit Wales released their investigation report on Leisure Services in Cardiff. The full Audit Wales report is attached at **Appendix 3**, with the Council's full response attached at **Appendix 4**. The Audit Wales report contains a number of proposals for improvement, focused on:
 - i) Setting clear priorities for leisure services
 - ii) Reviewing the contract with GLL to ensure it supports delivery of these priorities
 - iii) Strengthening Council contract management arrangements to ensure the contract provides value for money
 - iv) Strengthening Council performance management to ensure the contract is sustainable.

Pentwyn Leisure Centre

16. **Points 21-38** set out a summary of the proposed transfer of Pentwyn Leisure Centre to Cardiff Blues Rugby Club, including:

- i) A new 25-metre swimming pool, cross fit gym, 3G pitch and 3G mini-pitch;
- ii) The Council would invest in the upgrades and Cardiff Blues would pay a rent over the term of a lease;
- iii) Funding for the Council investment comes from the disposal of land assets in the Pentwyn ward as part of the Llanrumney Redevelopment Plan²;
- iv) Cardiff Blues would provide community access to their medical and physio services, learning opportunities and apprenticeships and have offered to develop the site as a Community Rugby Hub;
- v) Closure of the site to public to enable the main hall to be used as a vaccination hub, coupled with lockdown regulations currently preventing outdoor sports, means there is a window from now until February 2022 to undertake the improvements detailed; these would not affect the operation of the vaccination hub.

17. **Confidential Appendix 5** sets out the Cardiff Blues proposal, **Confidential Appendix 6** sets out Heads of Terms, **Confidential Appendix 7** sets out the proposed capital investment, **Confidential Appendix 8** sets out the capital investment costings, and **Confidential Appendix 9** sets out the financial envelope.

18. **Point 30** states that GLL is happy to proceed with the transfer to Cardiff Blues.

Maindy Leisure Centre – removal of velodrome

19. **Points 39-41** set out details of the proposed removal of the velodrome from Maindy Leisure Centre to the International Sports Village, including:

- i) Maindy Leisure Centre will not be affected and will remain in situ and open to the public;

² In November 2020, this Committee carried out pre-decision scrutiny of the report to Cabinet re the Llanrumney Redevelopment Plan.

- ii) The proposal is to relocate the velodrome to the International Sports Village, part-funded by a contribution from the 21st Century Schools Programme;
- iii) The new velodrome will be operational before the existing facility is closed.

20. **Point 18** of the report to Cabinet highlights that removing the velodrome will create an operational deficit at Maindy Leisure Centre for GLL, whilst **Point 19** states this will be offset by the removal of the Pentwyn Leisure Centre deficit.

Changes to service specification

21. **Points 42 – 43** list the changes to service specification due to commence 1 April 2021, including:

- i) Removal of receptionists to be replaced by a concierge type service;
- ii) Cashless automated payments only;
- iii) Turnstile entry;
- iv) Targeted programming aligned to the emerging strategy and in response to the Wellbeing of Future Generations Act;
- v) Revised opening hours to reflect the needs of the community each centre serves.

22. The report to Cabinet states, at **Point 16**, that the Council and GLL will continue to review the contract as the leisure sector emerges from lockdown.

23. At **point 20**, the report sets out there may be an issue with GLL's ability to repay capital recently invested and that therefore authority is sought to freeze the current programme of investment until the issue has been fully considered.

24. **Financial Implications** are set out in **Points 45 - 50** and include:

- i) That Cabinet is being asked to agree in principle to proposals to vary the contract subject to further work being undertaken before final decisions are made, with further work to cover the financial and staff impact of the removal of the Maindy velodrome and Pentwyn

Leisure Centre from the contract, the risks associated with the proposals and their level of achievability;

- ii) That it is not yet clear how proposals set out in the report to Cabinet will resolve the financial position;
- iii) That further work is required by GLL to provide a detailed a Recovery Plan covering all the centres that form part of the contract
- iv) A condition of contract is that GLL repay capital funding invested by the Council; any default in these payments will result in a funding gap that would need to be funded from Council financial resources;
- v) Due diligence needs to be undertaken on the Cardiff Blues Rugby financial submission to determine the full level of risks and any liability remaining with the Council;
- vi) Advice has been sought regarding any tax implications arising from the transfer of Pentwyn Leisure Centre, with fuller advice set out in **Confidential Appendix 10**.

25. **Legal Implications** are at **Points 51-57**. These highlight, at **Point 51**, that the Cabinet is being asked to make the decisions '*in principle only so, amongst other things, detailed legal consideration can be given to the various legal issues raised.*' **Point 51** states that appropriate consultation, equality impact assessment and evaluation in relation to the Council's wellbeing objectives will need to be undertaken and that the outcome of these considerations must be taken into account when deciding whether to implement the in principle decision.

26. **Points 52-57** detail that decisions about the recommendations need to be made in the context of the Council's public sector equality duties and duties arising from the Equality Act 2010, the Well-Being of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and Welsh Language Standards as well as that the proposals need to be within the policy and budgetary framework of the Council; otherwise, the proposals must be referred to Council.

27. **Property Implications** are set out at **Points 58-60**, including the need to agree suitable commercial terms with Cardiff Blues, preferably including a new property

agreement with Cardiff Blues to ensure the Council does not have responsibility for the up-keep of the site and building.

28. Human Resources Implications are set out at **Point 61**, including that it is the Council's position that TUPE will apply and that consultation will take place with recognised trade unions

Proposed Recommendations to Cabinet

29. The report to Cabinet contains the following recommendations:

- i) *Note the Audit Wales report attached as Appendix 3 and the Council's initial summary response set out in Appendix 4.*
- ii) *Agree in principle to the proposed variation to the GLL contract as set out in this report namely the removal of the Pentwyn Leisure Centre and the Maindy Velodrome from the contract and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Culture & Leisure, the Legal Officer and the S151 Officer to:*
 - a) *Complete the contract variation subject to the detailed legal due diligence set out in this report and consideration of the outcome of the Equality Impact Assessment;*
 - b) *Enter into the proposed lease at Pentwyn Leisure Centre as set out in this report, in line with the proposal attached at Confidential Appendix 5 and substantially in the form of the draft Heads of Terms attached as Confidential Appendix 6, and subject to: satisfactory conclusion of point a); detailed legal due diligence as set out in this report; detailed financial due diligence; and an independent valuation.*
 - c) *Subject to a) and b) above, deal with all aspects of the procurement and implementation of the proposed improvements to the Pentwyn Leisure Centre subject to the financial envelope set out in Confidential Appendix 9 and in line with the scheme presented at Appendix 7 and the estimated costings presented at Confidential Appendix 8.*

Previous Scrutiny

30. In November 2020, this Committee considered the impact of the coronavirus pandemic on leisure services in Cardiff and carried out pre-decision scrutiny of a report to Cabinet on the contract with GLL.

31. In the resulting Chair's letters Members recognised the impact of the coronavirus pandemic on GLL and the whole of the leisure sector and reiterated their support for leisure and sport activities. Full copies of the letters are attached at **Appendix B**.

Way Forward

32. Councillor Peter Bradbury (Cabinet Member – Culture and Leisure) will be invited to make a statement. Neil Hanratty (Director of Economic Development) and Steve Morris (Operational Manager – Sport & Leisure) will attend to give a presentation and answer Members' questions on the proposals.

33. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendices 1, 2, 5, 6, 8, 9 and 10**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

34. 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

35. 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) Consider the information in this report, its appendices and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 18 March 2021; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

10 March 2021

CABINET MEETING: MARCH 18 2021

REVIEW OF THE LEISURE SERVICES CONTRACT WITH GREENWICH LEISURE LTD (GLL)

CULTURE & LEISURE (COUNCILLOR PETER BRADBURY)

AGENDA ITEM:

Appendices 1, 2, 5, 6, 8, 9 and 10 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14 and 16 of Part 4 of Schedule 12A of the Local Government Act 1972.

PORTFOLIO: CULTURE & LEISURE

Reason for this Report

1. To seek authority to vary the Leisure Services contract with Greenwich Leisure Limited (GLL) in response to the COVID-19 pandemic to improve the long-term sustainability of the contract.
2. As part of (1) above, to seek authority to remove the Pentwyn Leisure Centre from the GLL contract and to take forward an alternative approach to ensure the facility remains open to the public and to deliver new investment into the site.
3. Also, as part of (1) above, to seek authority to further vary the GLL contract to remove the Velodrome facility from the Maindy Leisure Centre site to pave the way for delivery of a new Velodrome facility at the International Sports Village.

Background

4. In November 2020, following the sustained impact of the COVID-19 pandemic, Cabinet authorised a detailed review of the GLL Leisure Services contract to identify potential variations that would improve its long-term sustainability and protect service delivery.
5. The requirement for a review was in response to a number of emerging issues:
 - The significant financial impacts and uncertainty caused by the COVID-19 pandemic.

- The Review of the Council's Leisure Services report undertaken by Audit Wales in 2019/20.
 - The requirement to remove the Maindy Velodrome from the GLL contract to enable the expansion of Cathay High School.
6. The Council entered into a contract for the operation of eight Leisure Centres with GLL from 1st December 2016. Prior to this, the centres were operated by the Council and were subject to an annual operating subsidy of circa £3.5m. The procurement of an operating partner aimed to eliminate the operating subsidy at a time of significant budget pressures whilst implementing new working practices and an improved offer to customers, placing the service on a stronger and more sustainable footing for the long-term.
 7. From the outset, both the Council and GLL fully understood that it would take time for the operating deficit forecast in the early years of the contract to be eliminated. GLL's proposal was to cross-subsidise during this period, from other profitable parts of its business with a view to recovering the position through the following years of the contract.
 8. The Council paid a tapered management fee for the first 3 years of the contract, to support the transition and capital funding was allocated to enable investment in the centres, to be repaid by GLL over the term of the contract. Under the contract, the Council retained control over certain aspects of the service provision, such as pricing and the protection of terms and conditions of Council staff transferred to GLL.
 9. Prior to the on-set of the COVID-19 pandemic, GLL's original projections for eliminating the operating deficit were behind schedule as set out in Confidential Appendix 1. This was mainly due to capital investment works taking longer to deliver than originally expected with service disruption affecting income generation.
 10. The COVID-19 pandemic has increased the financial pressure on the contract and eliminated GLL's ability to cross subsidise from other profitable parts of their business as all of their Leisure contracts are now under pressure. As the pandemic has progressed, the prolonged closure of leisure and gym facilities has resulted in a total loss of income and significant financial uncertainty moving forward.
 11. In the trading year January to December 2020, GLL, supported by the Council, have been able to secure circa £1.86m from the Welsh Government Hardship Fund in addition to circa £1.5m through the UK Government Coronavirus Job Retention Scheme. Even with this unprecedented level of support, the contract has remained in deficit as set out in Confidential Appendix 2.
 12. Although the Leisure Services contract with GLL enabled the Council to eliminate its previous operating subsidy, the priority was to ensure that all facilities remained open to the public. For this position to be sustained over the longer term, GLL will need to eliminate their operating deficit. The main financial

pressure relates to the operation of swimming pools, in particular, leisure pools which demand greater staffing resource. GLL will work with the Council to develop a Five Year Recovery plan to mitigate for the loss of cross-subsidy from other parts of the GLL business and the support from government during the pandemic with a view to eliminating the operating subsidy.

13. In 2019/20, Audit Wales undertook an audit of the GLL Leisure Services contract to determine whether the Council's approach to Leisure Services supported the achievement of its well-being objectives as described in the Council's Corporate Plan and with a particular focus on the well-being objective of 'Safe, Confident and Empowered Communities'. The report is attached as Appendix 3.
14. Audit Wales made a number of recommendations aimed mainly at improving contract management and risk / performance management, ensuring risks and issues are reported corporately to provide the Council with greater certainty that its Leisure Services contract with GLL is sustainable and delivering value for money. The Council's response to the Audit Wales Review is on-going and is set out in summary form in Appendix 4.
15. A key recommendation was to undertake a review of the GLL contract to ensure that the Council properly considers its long-term financial sustainability. The Council has initiated a review with GLL to understand in detail the key challenges and to identify measures that will support post COVID-19 recovery. It is clear that the previous financial challenges have been magnified by the pandemic and the Council remains committed to working with GLL to secure sustainability of the contract.
16. The review of the contract will be an on-going process over the coming months as the leisure sector emerges from lockdown. The initial proposals set out in this report represent an immediate response to the COVID-19 challenges. Continued monitoring and review will be required adapting to changing circumstances, demand and need.

Issues

17. In September 2020, GLL wrote to the Council highlighting their financial concerns, in particular the negative impact that the operation of the Pentwyn Leisure Centre was having on their ability to reduce the operating deficit. The financial performance of all Leisure Centres during the 2019 trading year is set out in Confidential Appendix 2.
18. During the autumn of 2020, the Council approached GLL regarding proposals to relocate the Velodrome facility to the International Sports Village. The Velodrome facility provides a key income stream for the Maindy Leisure Centre, also set out in Confidential Appendix 2. Pre-COVID-19, the Centre operated close to break-even. In 2019, it may have achieved a surplus if it had not suffered from disruption owing to capital improvement works. The proposed removal of the Velodrome would place the Maindy Leisure Centre into an operating deficit position.

19. This report puts forward a proposal to remove both the Pentwyn Leisure Centre and the Velodrome facility at the Maindy Leisure Centre from the GLL contract. The removal of Pentwyn Leisure Centre would more than off-set the financial pressures arising from the removal of the Velodrome facility.
20. In addition to the above, GLL has intimated that their ability to repay the capital recently invested by the Council to upgrade some of the Leisure Centres will be constrained for a considerable length of time and in light of COVID-19 may need to be reconsidered altogether. At this stage in the contract review process Cabinet is not being asked to make a decision on capital repayment. However, in recognition of the fact that there may be a pending issue, this report seeks authority to freeze the current programme of investment until the issue has been fully considered and (as required) report back to a future meeting of Cabinet.

Pentwyn Leisure Centre

21. Pentwyn Leisure Centre continues to be the poorest performing centre in the GLL portfolio, primarily due to the scale of operations of a leisure/beach pool, the absence of a 25 metre pool tank, low gym membership and poorly attended dry-side activities. This is a long term trend and was also experienced when the facilities were operated by the Council. The opening of the Cardiff International Pool in 2008 has meant that the leisure shaped, beach entry pool was no longer a destination facility attracting visitors from wider afield.
22. The facility was built in 1989 and is now in need of significant investment to meet new trends, customer needs and to bring it up to date to attract increased membership and participation. Given the poor performance of the centre over a prolonged period of time, GLL has chosen to invest capital funding available in centres with better potential for delivering a return on investment.
23. Following GLL's letter to the Council in September 2020, a number of possible interventions relating to the Pentwyn Leisure Centre have been considered as a means of improving the overall performance of the GLL contract:
 - a) **Full closure of the Centre.** This would have an immediate positive impact on the wider GLL contract. The estimated benefit is set out in Confidential Appendix 2. However, this would mean a complete loss of provision for the local community.
 - b) **Partial closure of the Centre.** Removal/repurposing of facilities that are loss making, such as the leisure pool, would improve the financial position, however the centre would still operate at a significant deficit. Any repurposing of facilities would also require investment that would need to be re-paid. Closure of the leisure pool would have the greatest impact on the financial position, but would significantly impact the leisure offer.
 - c) **Upgrade the Centre.** This would attract new patronage and would improve the financial position. However, it would not have the effect of placing the overall GLL contract into a significant surplus position and able to service the debt associated with investment in the Centre. If additional capital were

available for investment, GLL would prefer to invest in other centres that have better potential for return on investment.

- d) **Transfer the Centre.** Identify an alternative operator able to repay investment to maintain service provision.
24. The Council remains committed to Pentwyn Leisure Centre remaining open to the public, including the retention of swimming at the site. As such, option (d) provides the best opportunity for long-term sustainability, both for the GLL contract and the community the Leisure Centre serves.
 25. During the COVID-19 pandemic Cardiff Blues gave up their home pitch and associated facilities at the Cardiff Arms Park to accommodate the Local Health Board in the provision of the Dragon's Heart Hospital at the Principality Stadium and to treat patients hospitalised owing to the virus. The Council worked with the Cardiff Blues to identify an alternative venue to operate during this period as elite rugby was permitted to continue.
 26. Given the operating deficit, Pentwyn Leisure Centre was likely to be the last centre to return to full operation and therefore the Council and GLL permitted Cardiff Blues to occupy the Centre whilst it remained closed to the public.
 27. Cardiff Blues have had a positive experience during their temporary use of the Centre and have recently submitted a proposal to the Council that would allow them to establish the Centre as their long-term training base. Their proposal is to provide a rent for operating the Centre, in return for the Council providing capital investment to upgrade. There would be no on-going subsidy from the Council. The proposal is attached as Confidential Appendix 5 and Heads of Terms for a lease attached as Confidential Appendix 6.
 28. As part of their proposal, the Blues would plan to retain the first floor area for dedicated use. The ground floor area would be reconfigured to provide a much-improved cross fit gymnasium, a new 25m swimming pool, retention of the main hall, community rooms, a new catering concession and some office space.
 29. It is also proposed to replace the existing grass pitch with a full sized 3G pitch and a new mini 3G pitch for dual use. As part of the proposal Cardiff Blues plan to develop the site as a Community Rugby Hub and will provide community access to the Cardiff Blues services such as medical and physiotherapy. Learning opportunities and apprenticeships will also be made available. Details of the proposed investment scheme are attached at Appendix 7 and initial costings are attached as Confidential Appendix 8.
 30. The Cardiff Blues proposal would have the effect of eliminating the Pentwyn Leisure Centre operational deficit from the GLL contract whilst keeping the Centre open for public use, including an improved swimming offer. GLL have confirmed that they are content with the Cardiff Blues proposal.
 31. As a result of the temporary closure of Pentwyn Leisure Centre, GLL and the Council have supported Cardiff and Vale Health Board's response to the

pandemic by allowing the main hall to be used as a Vaccination Centre. The occupation of the building is on an initial 12 months lease, up until February 2022. It is anticipated that the facility will remain closed to the public during this period. COVID-19 Regulations do not currently permit outdoor sports, therefore community football has not restarted. As a result, the local football clubs who potentially could be displaced as a result of Cardiff Blues' temporary use of the grass football pitch to train remain dormant.

32. The Council's draft Playing Pitch Strategy, due to be presented to Cabinet in summer, provides a review of playing pitch needs and demands both current and future. The strategy identifies the need for a further six, Third Generation artificial pitches with a particular need in the Pentwyn area. These pitches are able to accommodate fixtures equivalent to four grass pitches, with the advantage of being playable fifty-two weeks of the year for training and competition. The impact of inclement weather in Cardiff has resulted in up to sixteen weeks of cancellations for grass pitches for league fixtures, per season, this has led to long periods of reduced physical activity.
33. The introduction of a 3G pitch as part of a redevelopment will enable local clubs to achieve growth in membership whilst providing a facility that meets the criteria of the Welsh League structure and ground regulations. This will help clubs to reach higher representation in the Welsh football pyramid.
34. The introduction of a 3G pitch as part of a redevelopment will enable the resident club, Pentwyn Dynamos, to achieve growth in membership whilst providing a facility that meets the ground criteria for the highest division of Welsh Football League. The new 3G pitch will also help other local community clubs access much needed training and playing facilities.
35. The financial plan for the Centre and associated outdoor facilities is set out in Confidential Appendices 8 and 9. In summary, the proposed investment in the building would be funded through the proposed rent from Cardiff Blues. Investment in the proposed outdoor facilities would be funded through the disposal of land assets in the Pentwyn ward, as part of the Llanrumney Redevelopment Plan approved by Cabinet in November 2020.
36. The current use of the facility as a Vaccination Centre and its closure to the public until February 2022 would provide an opportunity to undertake works over the period as the pool area remains outside of the UHB lease and will not impact on its operation.

Staffing Implications

37. There will be implications for the staff currently employed by GLL at Pentwyn Leisure Centre. Under the proposals presented in this report, Cardiff Blues will become the operator and employer. TUPE will apply to all staff and the Council will require existing terms and conditions to be protected.

Legal Due Diligence

38. The Council will need to undertake legal due diligence prior to concluding any agreement to ensure the proposal is in line with contract law, property law requirements, procurement regulations and is state aid compliant (subsidy regime).

Maindy Velodrome

39. As part of the proposal to release Pentwyn Leisure Centre from the GLL Contract, the Council would require GLL to release the Maindy Velodrome and associated land from their operation as part of the Maindy Leisure Centre.
40. The proposal is to relocate the Velodrome to the International Sports Village (ISV) as part of plans to complete the leisure destination at this location. The ISV plans are set out in the Cabinet report presented at the March 2021 meeting. The proposal is for the replacement track facility to be funded by the Council's Education Department and from the 21ST Century Schools Programme. The ISV plan is to supplement this investment with additional facilities creating a leading cycling hub in the city for use by all local clubs and the public. Initial consultation in respect of the design of the facility has taken place with local cycling clubs and is on going.
41. The proposal is for the new Velodrome to be constructed and operational at the International Sports Village before the existing facility at Maindy is closed. The remaining facilities at the Maindy Leisure Centre will not be affected by these proposals and will remain open to the public.

Service Specification

42. In addition to the proposed variation of the contract presented in this report, the Council and GLL will continue to review the Leisure Services Contract Service Specification to identify opportunities for meeting the current and future needs and demands for Sport, Leisure and Physical Activity. A number of changes have already been identified as follows:
 - Removal of receptionists to be replaced by a concierge type service
 - Cashless automated payments only
 - Turnstile entry
 - Targeted programming aligned to emerging strategies and in response to the Well-being of Future Generations (Wales) Act 2015
 - Revised opening hours to reflect the needs of the community each centre serves.
43. These proposed changes will contribute to the sustainability of the contract through smarter deployment of resources, reductions in waste, and improved

overall efficiencies. The proposals are within normal contract tolerances and will be implemented from 1 April 2021.

Reason for Recommendations

44. To improve the long-term sustainability of the Leisure Services Contract with Greenwich Leisure Ltd following the COVID-19 pandemic.

Financial Implications

45. The Council has begun a process of reviewing the GLL contract. Cabinet is being asked to agree in principle to proposals to vary the contract subject to further work being undertaken before final decisions are made. Appendix 2 sets out the pre-pandemic issues for each leisure centre but it is not yet clear how the proposed measures set out in this report resolve the financial position. It is noted that the WG Hardship Fund provides support for the lost net income suffered by the contractor as a result of the pandemic. Appendix 3 highlights that without the unprecedented level of support from WG and the Job Retention Scheme the contract would be in deficit by in excess of £3 million. Any reduction in this level of support would put a lot of pressure on the success of the contract as once centres reopen attendance figures will be subject to uncertainty for the forthcoming period of twelve months at least. Further work is required by GLL to provide a detailed Recovery Plan covering all of the centres that form part of the contract.
46. Before a final decision is taken, further work will be required to understand the detailed financial and staff impact of the removal of the Maindy Velodrome and Pentwyn Leisure Centre from the contract and the risks associated with the proposals and their level of achievability.
47. The Council paid a tapered management fee for the first 3 years of the contract, to support the transition and capital funding was allocated to enable investment in the centres, to be repaid by GLL over the term of the contract. Under the contract, the Council retained control over certain aspects of the service provision, such as pricing and the protection of terms and conditions of Council staff transferred to GLL. The capital programme anticipates a repayment from GLL based on a financial profile based on amount of capital investment based on front loaded management fees. Any default in those payments from GLL in future years will result in a funding gap (see Confidential Appendix 2) that would need to be funded from Council financial resources.
48. Confidential Appendix 1 sets out GLL's original financial plan. Further work will need to be undertaken to understand the level of financial impact to GLL as a result of the proposed changes. Due diligence will also need to be undertaken on the Cardiff Rugby financial submission for Pentwyn Leisure Centre to determine the full level of risks in this financial performance being achieved and any liability remaining with the Council.

49. The financial impact of Pentwyn Leisure Centre as Vaccination Centre has not been finalised but it is presumed that direct costs only associated with that services will be recovered.
50. Tax advice has been sought to determine the optimum benefit from formally transferring the management of Pentwyn Leisure Centre from GLL to Cardiff Blues Rugby. The advice is based on the premise that the site would be closed during its refurbishment and that the Council has clear intention to lease the whole site to CBR and – subject to the Council opting to tax it's interest in the site, there would be the potential for the VAT incurred on the development to be recovered in full. In respect of the lease granted to the NHS it is clear that whilst the rest of the building would be closed for use the space let to the NHS will remain open and in use till at least March 2022. To make this grant a Taxable supply CCC would either need to opt to tax the site prior to taking on the lease terms or re-negotiate the supply as the provision of serviced facilities which whilst subject to VAT would be VAT recoverable in the hands of the NHS under the Contracted Out Services VAT rules operated by the NHS. Fuller advice can found within Confidential Appendix 10.

Legal Implications (including Equality Impact Assessment where appropriate)

51. The report recommends that the decision in this matter is made in principle only so, amongst other things, detailed legal consideration can be given to the various legal issues raised. The proposals raise a number of potential legal issues that will require detailed consideration, once full information is provided, in order to assess if the proposals can be achieved within legal constraints and or any potential risks raised assessed. As well as consideration of the legal issues raised, these proposals will require appropriate consultation, equality impact assessment and evaluation in relation to the Council's wellbeing objectives. Any decision taken (pursuant to the delegated authority sought) on whether to implement the in principle decision or not, must take into account the outcome of any such consultation, assessment and evaluation.

General legal advice

Equalities & Welsh Language

52. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010 (including specific Welsh public sector duties) . Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are: (a). Age, (b) Gender reassignment(c) Sex (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h)Sexual orientation (i)Religion or belief –including lack of belief.
53. The decision maker should be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

The Well-being of Future Generations (Wales) Act 2015

54. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2020 -23.
55. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
 - Focus on prevention by understanding the root causes of problems
 - Deliver an integrated approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
56. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible on line using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

Policy and Budget Framework

57. The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to Council.

Property Implications

58. The proposed capital investment in Pentwyn Leisure Centre will require suitable commercial terms to be agreed with Cardiff Blues.
59. In order to ensure the Council does not have responsibility for the up-keep of the site and building, it would be preferable to link any relinquishment of the GLL lease to a new property agreement being completed with Cardiff Blues.

Consideration will also be required in respect of the method of the Council in delivering the capital investment works, which it is likely will be termed "landlord works" as part of the commercial agreement with Cardiff Blues.

60. The detailed property proposals have been outlined in the main body of this report. Where any property transactions are required as a result of these proposals, these should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

Human Resources Implications

61. These proposals do not have any direct impact on Council employees as GLL is the employer. However, it is the Council's position that TUPE will apply. The Council expects that in line with its agreement with GLL, they will consult the recognised trade unions, GMB, UNITE and UNISON in advance of any announcements and throughout the process and keep the Council informed of progress. It is expected that the agreed recognition of these trade unions by GLL should form part of the contractual arrangements and TUPE transfer for former Cardiff Council employees.

RECOMMENDATIONS

Cabinet is recommended to:

- i) Note the Audit Wales report attached as Appendix 3 and the Council's initial summary response set out in Appendix 4.
- ii) Agree in principle to the proposed variation to the GLL contract as set out in this report namely the removal of the Pentwyn Leisure Centre and the Maindy Velodrome from the contract and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Culture & Leisure, the Legal Officer and the S151 Officer to:
 - a) Complete the contract variation subject to the detailed legal due diligence set out in this report and consideration of the outcome of the Equality Impact Assessment;
 - b) Enter into the proposed lease at Pentwyn Leisure Centre as set out in this report, in line with the proposal attached at Confidential Appendix 5 and substantially in the form of the draft Heads of Terms attached as Confidential Appendix 6, and subject to: satisfactory conclusion of point a); detailed legal due diligence as set out in this report; detailed financial due diligence; and an independent valuation.
 - c) Subject to a) and b) above, deal with all aspects of the procurement and implementation of the proposed improvements to the Pentwyn Leisure Centre subject to the financial envelope set out in Confidential Appendix 9 and in line

with the scheme presented at Appendix 7 and the estimated costings presented at Confidential Appendix 8.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development

Appendices

Confidential Appendix 1: GLL Contract Financial Analysis

Confidential Appendix 2: GLL Contract Financial Statement

Appendix 3: Audit Wales Report

Appendix 4: Extract from External Audit Tracker (Leisure Services) March 2021

Confidential Appendix 5: Cardiff Blues Proposal & Financial Plan

Confidential Appendix 6: Heads of Terms

Appendix 7: Pentwyn Leisure Centre Capital Investment Proposals

Confidential Appendix 8: Pentwyn Leisure Centre Capital Investment Costings

Confidential Appendix 9: Financial Envelope - Pentwyn Leisure Centre

Confidential Appendix 10: VAT Advice (March 2021)

Yn rhinwedd paragraff (au) 14, 15, 16 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 15, 16 Rhan (nau) 4 a 5 o Atodlen 12A
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Mae'r dudalen hon yn wag yn fwriadol

Review of Leisure Services – Cardiff Council

Audit year: 2019-20

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

What we reviewed and why

- 1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the WFG Act) the Auditor General for Wales (the AGW) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:
 - setting their well-being objectives; and
 - taking steps to meet them.
- 2 The Act defines the sustainable development principle as acting in a manner: ‘...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’.
- 3 As well as duties under the WFG Act, the AGW has duties relating to examining whether councils have proper arrangements to ensure economy, efficiency and effectiveness (value for **money**) under the Public Audit (Wales) Act 2004. In discharging these duties, the Auditor General published his report Delivering with Less – Leisure Services, in December 2015.¹
- 4 Since we published that 2015 report, the Council entered into a new 15-year contract, described as a partnership arrangement, with Greenwich Leisure Limited (GLL). This commenced in December 2016. The contract covers eight leisure centres and was procured through a competitive procurement process.
- 5 This review sought to answer the question: **is the Council’s approach to leisure services supporting the achievement of its well-being objectives, and delivering value for money?**
- 6 Our work focused on those leisure services provided by GLL and how they contribute to the achievement of the Council’s Wellbeing Objectives as described in the Council’s Corporate Plan, Delivering Capital Ambition, in particular the Well-being Objective: ‘Safe confident and empowered communities’ and the priority for 2019-20 to support sports, leisure, culture and green spaces.
- 7 The findings in this report are based on fieldwork that we undertook prior to the COVID-19 pandemic.

1 Delivering with Less - Leisure Services, National Report published in 2015

What we found

- 8 Overall, we found that the Council has achieved its key aim of keeping its leisure centres open. But there is significant scope for the Council to better apply the sustainable development principle and strengthen its arrangements to assure itself that its contract with GLL is delivering value for money.
- 9 We came to this conclusion because:
 - the Council has maintained its leisure provision but would benefit from setting clear priorities for its leisure services and reviewing its contract with GLL to ensure it supports the delivery of these priorities and its well-being objectives;
 - there have been weaknesses in contract management and whilst the Council has strengthened arrangements, there is still scope to further improve them; and
 - the Council's governance and performance management arrangements could be improved to help the Council to assure itself that the contract with GLL is sustainable and delivering value for money.
- 10 Our detailed findings are set out in the next section of the report.

Proposals for improvement

Exhibit 1: proposals for Improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement
<p>The Council should:</p> <p>PFI 1: Establish a clear strategy, vision and priorities for its leisure services which incorporates consideration of the WFG Act.</p>
<p>PFI 2: Undertake a review of the GLL contract service specification to ensure it supports the delivery of the Council's priorities for its leisure services and its wider well-being objectives.</p>
<p>PFI 3: Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including:</p> <ul style="list-style-type: none">• adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL and other leisure services at a local and regional level.• further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care.• listen to, and involve, service users in the development and delivery of GLL and other leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve.
<p>PFI 4: Improve contract management arrangements to ensure there is robust and transparent monitoring of the delivery of the contract specification.</p>
<p>PFI 5: Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.</p>
<p>PFI 6: Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.</p>

Detailed report

The Council has maintained its leisure provision but would benefit from setting clear priorities for its leisure services and reviewing its contract with GLL to ensure it supports the delivery of these priorities and its well-being objectives

- 11 Overall, the Council considers that the contract with GLL is successful. It has achieved its original aims of keeping all leisure centres open, achieving a zero-subsidy position by April 2019 and thereafter receipt of a net income from its contract with GLL.
- 12 There are references to the role being played by leisure within the Council's corporate plan – 'Delivering Capital Ambition' (the Plan) in support of its well-being objectives. However, the Council does not have a clear vision or strategy which clearly articulates its priorities for the current and future provision of leisure services to help guide the services provided by GLL. The Council has also not set out how its approach to leisure services intends to apply the sustainable development principle and the five ways of working to achieve its well-being objectives, national well-being goals, and to deliver value for money.
- 13 In the absence of a clear set of priorities for its leisure services, there is also a lack of clarity among stakeholders about what the specific leisure priorities are within Cardiff, and how stakeholders, including GLL, can work together to achieve them. We found that the Council is unable to clearly demonstrate how GLL plans are integrated with those of other public bodies.
- 14 The Council would benefit from setting clear priorities for its leisure services and reviewing its contract with GLL to ensure it supports the delivery of these priorities and its well-being objectives.
- 15 The Council's Economic Development Directorate Delivery Plan 2019-20 includes an action to develop a vision for leisure services, but we understand this is currently in the early stages of development.
- 16 We found numerous examples of collaborative working, such as with Menter Caerdydd² and the Urdd³ to promote Welsh swimming lessons and with Cardiff and Vale Health Board Neurological Rehabilitation Unit to encourage participation. However, we found limited evidence that the Council has taken account of the integration, prevention and involvement ways of working. For example, we found limited evidence of integration with other Council services and there are further opportunities to explore collaboration with other external bodies.

² Menter Caerdydd is an events services company through the medium of Welsh.

³ Urdd Gobaith Cymru is a National Voluntary Youth Organisation which provides opportunities through the medium of Welsh for children and young people in Wales to make positive contributions to their communities.

- 17 In its 2018-19 annual report, GLL state that the overall number of visits to its leisure centres had increased by 3.9% since the prior year. As such, the contract is helping to contribute to the delivery of the Council's well-being objectives but there remains significant scope for the Council to better apply the sustainable development principle and measure and report on this contribution more broadly.

There have been weaknesses in contract management and whilst the Council has strengthened arrangements, there is still scope to further improve them

- 18 The key arrangements in place to monitor and manage the contract include:
- a Project Liaison Board (PLB), attended by a mix of cabinet members, GLL and Council staff. The PLB first met in September 2017 and meets quarterly. The PLB discusses contract performance, significant operational matters, and any future planned changes to service. The PLB receives a mix of financial and performance information relating to the operation of the contract.
 - regular contract liaison meetings between GLL and the Council's contract monitoring staff. These meetings focus on operational matters.
- 19 Relevant cabinet members, Council and GLL staff feel they have developed a good working relationship described by all parties as a partnership. This relationship has evolved since the inception of the contract on 1 December 2016. It is important to note that it is a formal contract rather than a partnership, which should be reflected in the application of the Council's contract management arrangements.
- 20 In April 2018, the Council's Internal Audit Service gave an assurance rating of 'Insufficient with major improvement needed' on the processes and procedures in place relating to the GLL service contract. Internal Audit's report raised a corporate recommendation for the Council to ensure that reporting mechanisms are in place from the commencement of a contract when entering into any contractual or partnership arrangement. The report added that the control environment (corporate and directorate) required improvement as it did not provide reasonable assurance that all high-level risks were adequately controlled. It also found that a lack of adequate monitoring controls exposes the Council to the risk of GLL not achieving their objectives, performance standards and financial targets set out in the contract. Internal Audit made nine recommendations in total, including five relating to governance and monitoring arrangements.
- 21 The management response in November 2018 to that Internal Audit report gave assurance that the recommendations had been addressed. However, our review echoes the Internal Audit findings and found that some of the concerns identified as recommendations by Internal Audit remain. For example:
- management must ensure risks identified are reviewed and updated in the Directorate Delivery Plan;

- effective decision-making process is followed demonstrating options, alternatives and risks in the case of a deviation being sought from the Service Specification;
 - management reports must provide sufficient information to provide an accurate assessment of progress made to facilitate a review of added value, including comparative data to prior year(s); and
 - introducing regular reporting to Senior Management Team (SMT) to increase the effectiveness of monitoring the contract.
- 22 In October 2018, GLL appointed a contract manager and a locally based management team to further develop its local knowledge and improve communication and performance. This has helped to strengthen the relationship with the Council and provided assurances as to their shared intentions to work together to improve contract management arrangements and performance.
- 23 The Council appointed a new Operational Manager for Sport Leisure and Development in July 2019 to improve the oversight and management of contract performance and better align the service with the Well-being of Future Generations Act principles.
- 24 We found that contract management arrangements could be improved by more closely monitoring delivery of the contract specification in a transparent and systematic way. Our review found that aspects of performance are not being consistently monitored in line with the service specification. For example, the Council has not set targets for the desired levels of junior participation or for those with the social characteristics as set out in the service specification. The Economy and Culture Scrutiny Committee emphasised the importance of achieving social objectives, such as reduced charges for looked after children and increased access for disadvantaged customers in its report in January 2019.
- 25 The Service Specification requires GLL to:
- provide a Community Benefits Plan to maximise benefits from the delivery of educational community and environmental initiatives in association with the delivery of the services through the facilities;
 - ensure services continuously improve and certain performance standards achieved such as the use of benchmarking services through the National Benchmarking Service;
 - reflect the Council's duties and responsibilities under the Equality Act 2010; and
 - reflect the Well-being of Future Generations (Wales) Act 2015.
- 26 At the time of this review GLL had not produced a Community Benefits Plan, but we understand it was under development. We also found no evidence of services being benchmarked through the National Benchmarking Service or equivalent in the first two years of the contract nor agreement to do so every subsequent two-year period of the contract as required in the specification. In December 2017, the Chair of the Economy and Culture and Environmental Scrutiny Committee wrote to the Cabinet Member for Leisure and Culture recommending that GLL incorporate

equality impact assessments into their decision-making process for strategic, policy and key operational changes. However, there is confusion between the Council and GLL as to who is responsible for doing these assessments. We have not been provided with evidence of any assessments made to date. The absence of equalities impact assessments hampers the ability of the Council to demonstrate that it has fully considered the needs of the diversity of the population. Public bodies must give careful consideration to their Equality Duty under the Equality Act 2010 when a decision clearly affects a considerable number of people.

- 27 Although we understand that the impact of changes to pricing and schemes were discussed at the PLB, the documents and minutes of these meetings do not substantiate that there had been robust consideration and appraisal of the impact of price changes on participation for those with protected characteristics under the Equality Act 2010, such as changes to junior membership arrangements, or for service users more generally. The service specification requires that the contractor 'explain and demonstrate the rationale for pricing policies schemes and initiatives and provide an analysis of the impact of any changes on participation and customer groups.' This information was not available. The Council should improve the quality of records of decisions and the process of transparently managing and overseeing their implementation in line with the specification.
- 28 Overall, our review suggests that the Council would benefit from an evaluation of how well its contract is being managed in accordance with the service specification and the arrangements in place to support this.

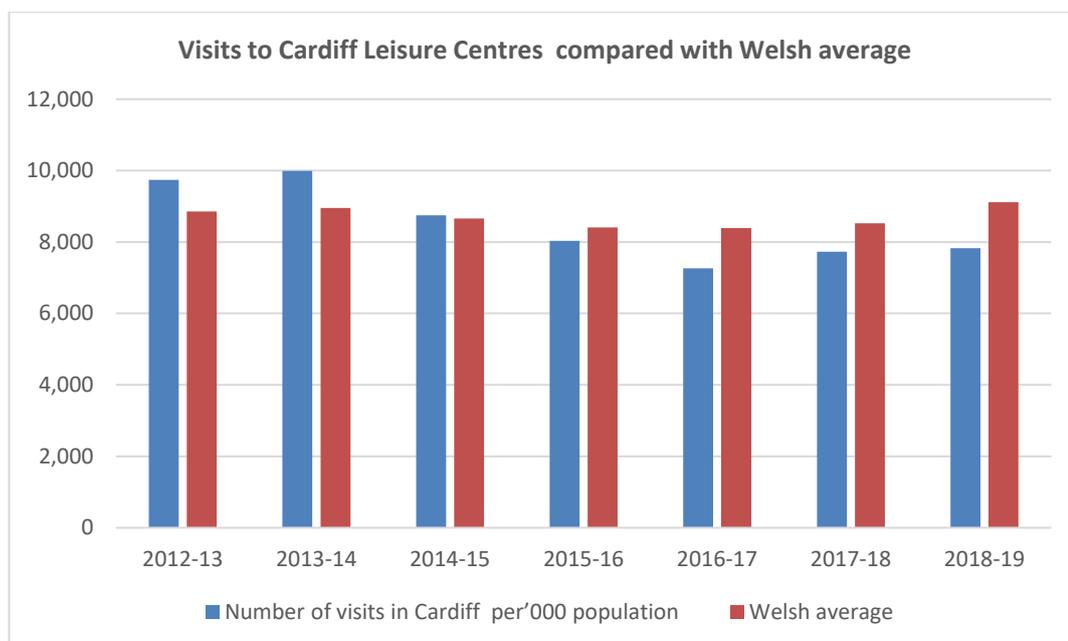
The Council's governance and performance management arrangements could be improved to help the Council assure itself that the contract with GLL is sustainable and delivering value for money

- 29 Information provided within GLL quarterly monitoring reports to the Project Liaison Board show that GLL is currently operating the contract at a financial loss. The GLL Annual Report 2018-19 describes the financial position of the service as disappointing. In response to this, the local GLL contract management team developed a five-year plan which came into force in April 2019, to bring the contract back in line with the expected financial position. Whilst it is GLL that bears the financial risk, should the financial position not improve, there is a risk to the sustainability of the contract and therefore to the wider benefits the service brings to service users as well as to the reputation of the Council. We would expect, therefore, that the Council is closely monitoring and addressing this risk.
- 30 A reference to this risk that 'GLL fail to deliver on the agreed legal contract and the subsequent financial objectives' is included in the Economic Development Directorate Delivery Plan 2019-20. However, it is given a 'green' status and no mitigating actions or commentary is included.

- 31 Internal Audit's report on the leisure contract included a recommendation that: 'Management must ensure that the risks identified in the Directorate Risk Register are reviewed and updated reflecting all mitigating and risk factors. Where necessary risks must be escalated to the Senior Management Team (SMT) as specified in the Risk Management Policy and Strategy'. We could not find any evidence that this has been done.
- 32 The Council's corporate plan for 2019-20 sets out that one of its key targets is to achieve a two per cent increase in the number of visits to local authority sports and leisure centres during the year per 1,000 population where the visitor will be participating in physical activity. **Exhibit 2** below shows that visits to Cardiff Sport and Leisure facilities, (which include the eight centres managed by GLL) remain below those achieved in 2012-13, are below the Welsh average and give rise to a ranking of 19th in Wales for 2018-19.

Exhibit 2: the number of visits to Local Authority sport and leisure centres during the year per 1,000 population where the visitor will be participating in physical activity

The most recent national performance data available shows that visits to Cardiff Sport and Leisure facilities (which include the eight centres managed by GLL) in 2018-19 remain below those achieved in 2012-13, are below the 2018-19 Welsh average and give rise to a ranking of 19th out of the 22 councils in Wales.



Source: Data Cymru

- 33 This comparative performance is not included in the Council's 2018-19 annual performance report; neither does the report provide any information about how

performance compares with other providers or any information about service user views of the service. Therefore, it is difficult for members and the public to obtain a rounded picture of the Council's leisure performance from the annual performance report.

- 34 We recognise that this indicator covers a broader range of sport and physical activity facilities than the centres managed by GLL. It is positive GLL reported in its Annual Report 2018-19 that its leisure service in Cardiff saw an increase in usage over the previous year of 5.1%, exceeding the Council's target of a 2% annual increase.
- 35 GLL also reported it has generated for Cardiff a social return against health, well-being, crime and education to the value of £13.4 million in 2018-19; this equates to a social return of £2.25 for every £1.00 spent in the leisure centres. GLL's social return calculation is based on regular participation in sports and physical exercise in its centres. This could be further improved through the provision of comparative data to indicate how well this social return calculation compares with other authorities or similar facilities.
- 36 In its attempt to involve its service users, GLL implemented a 'listen 360' customer feedback system in 2018, which provides a 'net promoter score' for each leisure centre. GLL indicate that Cardiff scores 21%, which is above GLL national averages of 20%. However, the scores for 2018-19 show some variation: five of GLL's eight leisure centres in Cardiff score less than this average and the average score is masked by high scores at some centres, such as Eastern at 48% and Star at 41%.
- 37 GLL has achieved Quest⁴ entry accreditation across all its centres as prescribed by the Service Specification, and has further assessments programmed in 2019-20. The assessments provide each centre with a detailed account of the strengths and areas for improvement helpful to inform any future changes.
- 38 The Council's Economy and Culture Scrutiny committee has considered the performance of the leisure contract twice since the inception of the contract in December 2016. In December 2017, the committee scrutinised the first year of operation of the contract and then received a presentation from GLL in January 2019. The Cabinet Member for Culture and Leisure attended both meetings to answer questions. The minutes of the January 2019 meeting demonstrate that members considered a wide range of areas, including performance and satisfaction levels as well as sharing concerns expressed by service users about changes to leisure services undertaken by GLL.
- 39 It is positive that the scrutiny committee has been involved in reviewing the service provided by GLL. On both occasions, the Chair of the Scrutiny Committee wrote to the Cabinet Member for Culture and Leisure summarising the committee's findings.

⁴ Quest is a tool for continuous improvement, designed primarily for the management of leisure facilities and sports development. It defines industry standards and good practice and encourages ongoing development and delivery within a customer-focused management framework.

However, the Scrutiny Committee papers considering the performance of the contract in January 2019 did not disclose GLL's operating position or the potential implications of this for the Council. Neither did the covering report refer to Internal Audit's critical report relating to the contract. Therefore, the scrutiny committee was not given the full information to enable members to effectively challenge the service and its sustainability and consider if the contract is providing value for money. Indeed, the Scrutiny committee chair's letter to the Cabinet member following the presentation noted that work is on track for there to be zero subsidy from the Council by 2019-20, and that no new commitments or risks to the Council have been identified.

- 40 We recognise that the contract is in its third year of operation, but it is evident that arrangements are not yet mature enough to provide the assurance needed to determine whether the contract is delivering value for money and maximising its contribution to the achievement of the Council's well-being objectives and the national well-being goals.

Appendix 1

Positive indicators of the Five Ways of Working

The table below sets out 'positive indicators' for each of the five ways of working that we have identified. We have not used the indicators as a checklist. They should be viewed as indicators. They helped us to form conclusions about the extent to which a body is acting in accordance with the sustainable development principle in taking steps to meet its Wellbeing Objectives.

What would show a body is fully applying the long-term way of working?

- There is a clear understanding of what 'long term' means in the context of the Act.
- They have designed the step to deliver the well-being objective/s and contribute to their long-term vision.
- They have designed the step to deliver short or medium-term benefits, which are balanced with the impact over the long term (within the project context).
- They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends.
- Consequently, there is a comprehensive understanding of current and future risks and opportunities.
- Resources have been allocated to ensure long-term as well as short-term benefits are delivered.
- There is a focus on delivering outcomes, with milestones/progression steps identified where outcomes will be delivered over the long term.
- They are open to new ways of doing things which could help deliver benefits over the longer term.
- They value intelligence and pursue evidence-based approaches.

What would show a body is fully applying the preventative way of working?

- The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled.
- The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places.
- The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer term, even where this may limit the ability to meet some short-term needs.
- There are decision-making and accountability arrangements that recognise the value of preventative action and accept short-term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

What would show a body is taking an 'integrated' approach?

- Individuals at all levels understand their contribution to the delivery of the vision and wellbeing objectives.
- Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies.
- Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives.
- There is an open culture where information is shared.
- There is a well-developed understanding of how the wellbeing objectives and steps to meet them impact on other public sector bodies.
- Individuals proactively work across organisational boundaries to maximise their contribution across the wellbeing goals and minimise negative impacts.
- Governance, structures and processes support this, as do behaviours.

What would show a body is collaborating effectively?

- The body is focused on place, community and outcomes rather than organisational boundaries.
- The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity.
- The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way.
- The body recognises and values the contributions that all partners can make.
- The body seeks to establish shared processes and ways of working, where appropriate.

What would show a body is involving people effectively?

- Having an understanding of who needs to be involved and why.
- Reflecting on how well the needs and challenges facing those people are currently understood.
- Working co-productively, working with stakeholders to design and deliver.
- Seeing the views of stakeholders as a vital sources of information that will help deliver better outcomes.
- Ensuring that the full diversity of stakeholders is represented, and they are able to take part.
- Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way.
- Ensure stakeholders understand the impact of their contribution.
- Seek feedback from key stakeholders which is used to help learn and improve.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

APPENDIX 4

Recommendation Ref No.	Name of Audit	Recommendation	Management Response	Update Dec 2020	Lead Officer	RAG Status	Open/Closed
RL1	Review of Leisure	Establish a clear strategy, vision and clear priorities for leisure services, which incorporates consideration of the WFG Act. This should be used to guide the delivery of services provided by GLL.	ACCEPT: The need for a Sport, Health and Physical Activity Strategy was identified and included in the Corporate Plan 20/21 and 21/22. The Health and Wellbeing of Future Generations Act and the recent Sport Wales vision provide the platform to ensure Cardiff aligns its priorities to achieve the objectives that both these set out. A number of stakeholder forums have taken place and a strategy group has been established to include Public Health, HE/FE, NGBs, Vale of Glamorgan, GLL and other delivery partners. The aim is to have a finalised strategy by March 2022.	The strategy group has been supported with funding from Public Health to engage an independent consultant with experience of delivery Physical Activity and Health strategies. Four key themed workshops have taken place and results are being compiled to shape the next steps of the strategy and the establishment of board of cross services professionals will steer the strategy towards completion in September 2021. Attendance and collaboration has been strong with positive engagement. The partnership with Public Health covering Cardiff and Vale of Glamorgan Health Board area is proving particularly positive.	Steve Morris	Green	Open
RL2	Review of Leisure	Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including: <ul style="list-style-type: none"> Adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL another leisure services at a local and regional level. Further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care. Listen to, and involve, service users in the development and delivery of GLL and leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve 	ACCEPT: GLL local, regional and national management are involved as key stakeholders for the emerging Sport, Health and Physical Activity Strategy along with Public Health and the Vale of Glamorgan Council and their Leisure provider, Parkwood. A multi agency approach is planned to develop the strategy. - We have put a strong emphasis on Social Value by way of calculating and measuring the impact of attendances in GLL facilities. A number of partnerships are in place to target specific hard to reach and under represented groups that brings joint collaboration between internal and external partners. The social value calculator is used when reporting progress to the partnership board. However, we note that further engagement with alternative services and potential stakeholders is required. - The consultation with customers and key stakeholders is critical in developing the most appropriate services and programmes in an ever evolving leisure and physical activity arena. Further work is being carried out to determine needs and trends to be reflected in the Service	The review of the Service Specification has identified current partnerships that can be further developed such as delivery through the medium of Welsh in partnership with the URDD. Closer alignment to the emerging 21st Century Schools programme to ensure duplication is avoided and collaboration is explored. further work on integration of programmes for people with disabilities and alignment to the Disability Sport Wales accreditation programme to achieve Silver status. The involvement in the Strategy development will help set key areas of focus and targeted delivery with new partners. - GLL have implemented the "listen 360" as a customer feedback system and report on this to the Partnership Board. In addition, quarterly on-line surveys are carried out and reviewed against previous benchmark data. All centres will hold public open forums to listen to customers views and suggestions. Staff surveys and engagement form a key part of the Business Planning process for each centre. QUEST accreditation also requires robust customer survey information which all centres are working towards.	Steve Morris	Green	Open
RL3	Review of Leisure	Improve contract management arrangements to ensure they monitor delivery of the revised specification in a transparent and systematic way.	ACCEPT: The governance and monitoring in place has been reviewed to ensure the contract Service Specification is kept up to date, amended where applicable and is responsive to changing trends and habits. The revised Service Specification will also be reported to Cabinet. Client monitoring remains in place and includes weekly officer meetings, quarterly performance reviews with senior officers from both the Council and GLL and the Partnership Liaison Board which also meets quarterly with the Cabinet Member for Leisure and Culture and the Cabinet Member for Finance and Resources.	We have introduced and included the GLL partnership in the Directorate Delivery Plan and Risk Register. This is reported against on a quarterly basis with risks escalated to SMT and reported to Cabinet where appropriate.	Steve Morris	Green	Open
RL4	Review of Leisure	Undertake a systematic review of the GLL contract service specification to ensure it is fit for purpose and supports the delivery of the Council's vision for its leisure services and is in accordance with the WFG Act.	ACCEPT: The contract has been running for 4 years with the initial years focussing on partnership, compliance, introduction of new systems, implementing capital improvements and developing new ways of working. The Service Specification was written before the introduction of the Wellbeing of Future Generations Act. It has therefore been agreed that a review of the Service Specification is essential to test whether it is now fit for purpose, meets current trends and needs and contributes where possible to the Act.	The Service Specification is now under review with weekly meetings taking place between GLL and Client Management team. The update was taken to Scrutiny and a Cabinet report was taken in November seeking authority to make recommendations to vary the specification to assist in a more sustainable model of delivery going forward. A number of key changes are being recommended to Cabinet to consider such as the transfer of Pentwyn Leisure Centre from GLL to Cardiff Blues which will reduce the financial deficit to GLL by circa £700,000. A staff restructure is also proposed aimed at reducing fte without adverse impacts on service provision. Receptionists will change to foyer concierge to be more responsive and customer facing. Changes in programming and opening times at each centre will ensure resources are applied to where there is the highest customer need and demand. A Cabinet Report is scheduled for March 2021.	Steve Morris	Green	Open
RL5	Review of Leisure	Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes.	NOTED: The Directorate Delivery Plan now includes more robust monitoring and reporting measures of performance and risk. Risks are escalated to the Corporate Risk register and to Senior Management Team. These are reported quarterly.	The Directorate Delivery Plan has reported financial and well being risks predominantly linked to COVID 19. A Cabinet briefing was held in Q3 on financial risk and sustainability. The Cabinet report in November highlighted the current financial difficulties and will report back in March with mitigating recommendations as above. Welsh Government have supported losses in 20/21 through the Hardship Fund.	Steve Morris	Green	Open
RL6	Review of Leisure	Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.	ACCEPT: In addition to the current governance structure and reporting to the Partnership Liaison Board. Reports are taken quarterly through the Corporate process and financial performance is monitored effectively and reported through the Corporate Risk Register.	Financial performance is a key measure at the PLB with attendance from the Cabinet Member for Finance. An informal Cabinet briefing took place in Q3 with GLL and Client management to present the impact of COVID on income and expenditure for the current operating year and estimated forecasts for 21/22. Furthermore, a report was taken to Scrutiny committee to highlight both the general financial position of the GLL contract and the financial impact of Covid 19. A monthly meeting between Council senior accountants and GLL has been introduced based on an open book approach in response to financial risks linked to COVID 19.	Steve Morris	Green	Open

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 15, 16 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

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Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol



Pentywn Leisure
Centre Proposal

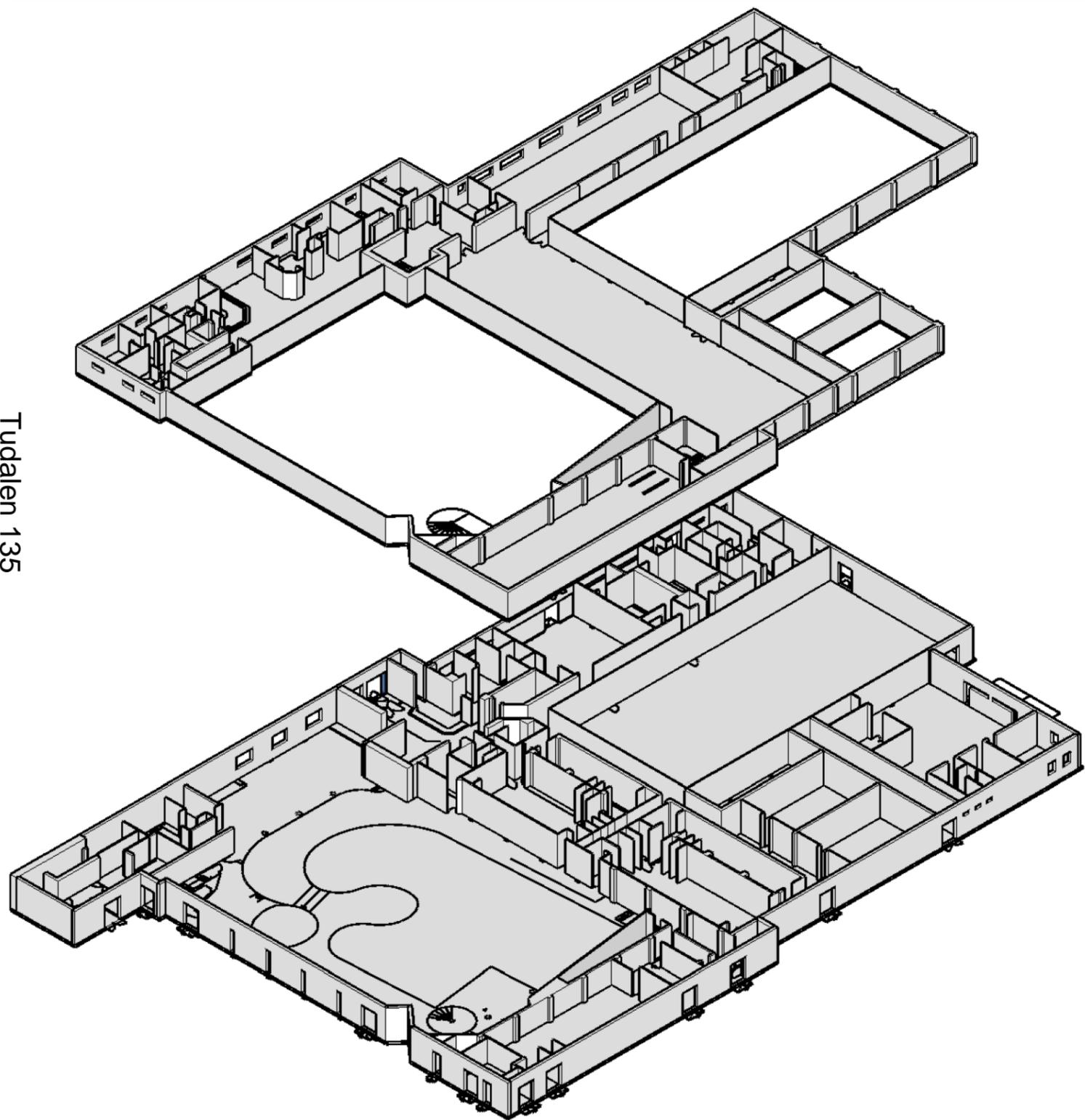


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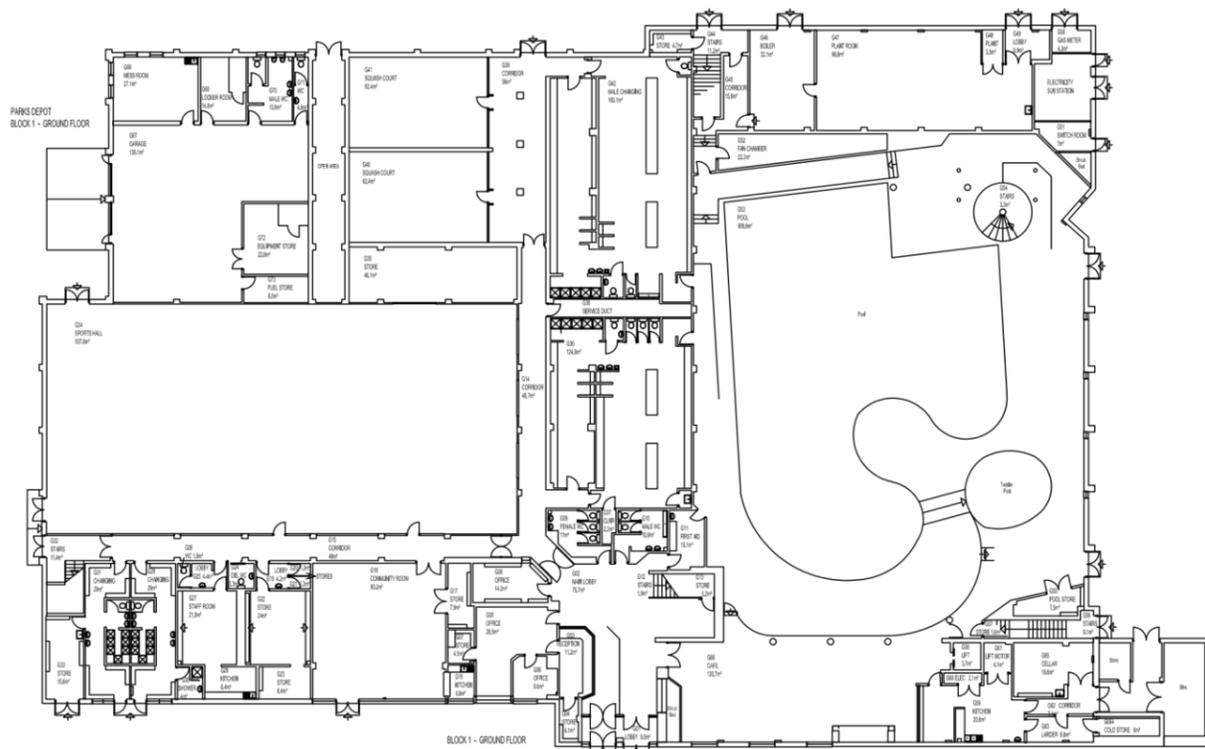
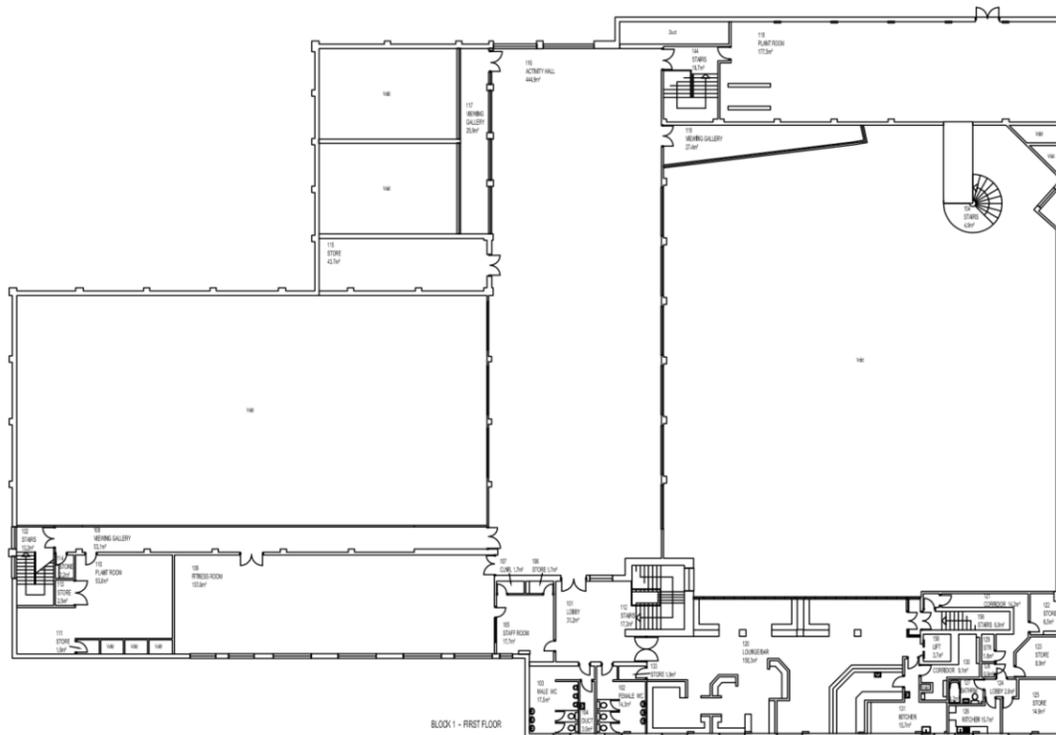
Existing character



Pentwyn Leisure Centre
Front Elevation
1:200 @ A2



Tudalen 135

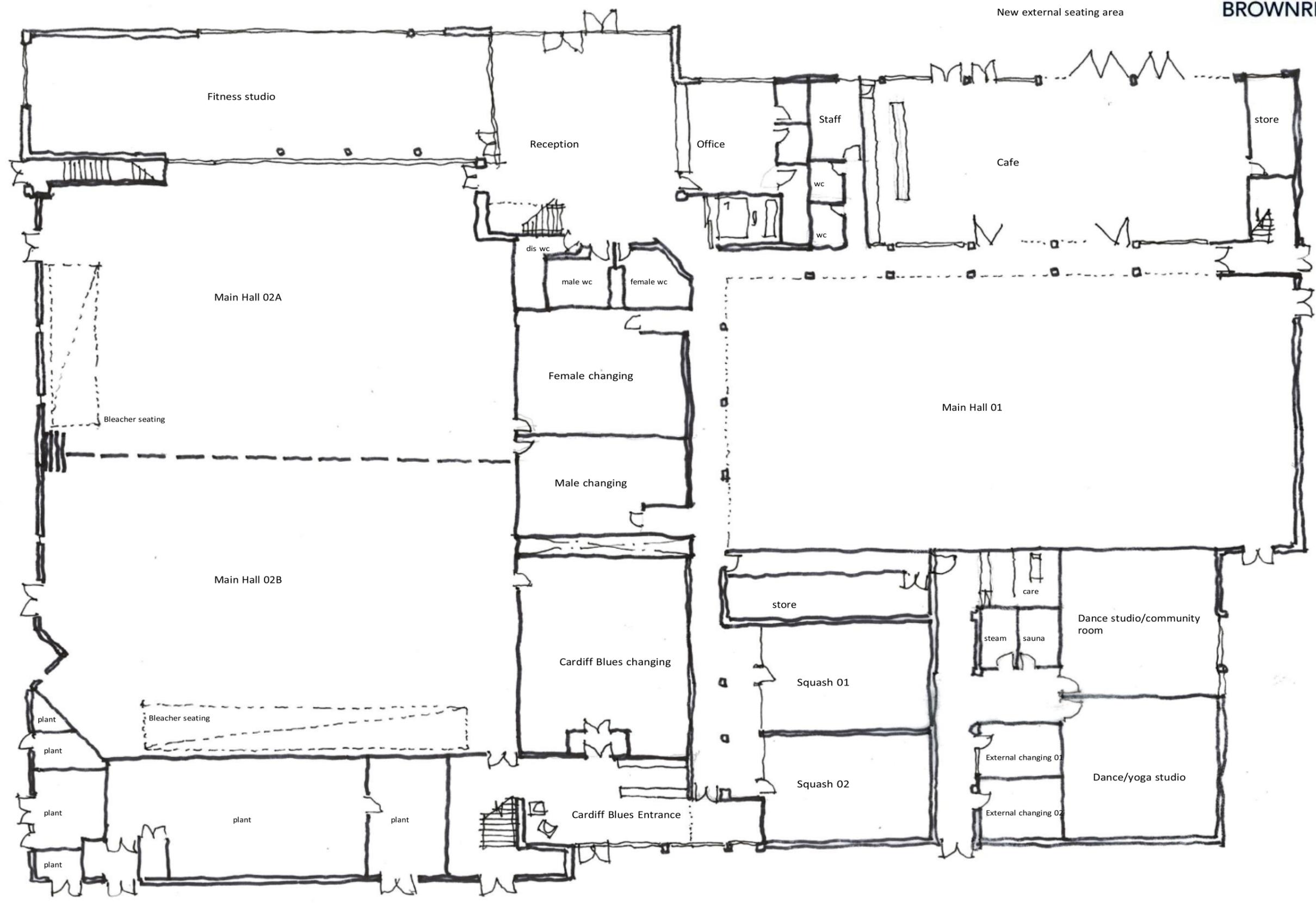


Existing plans, elevation + spatial organisation



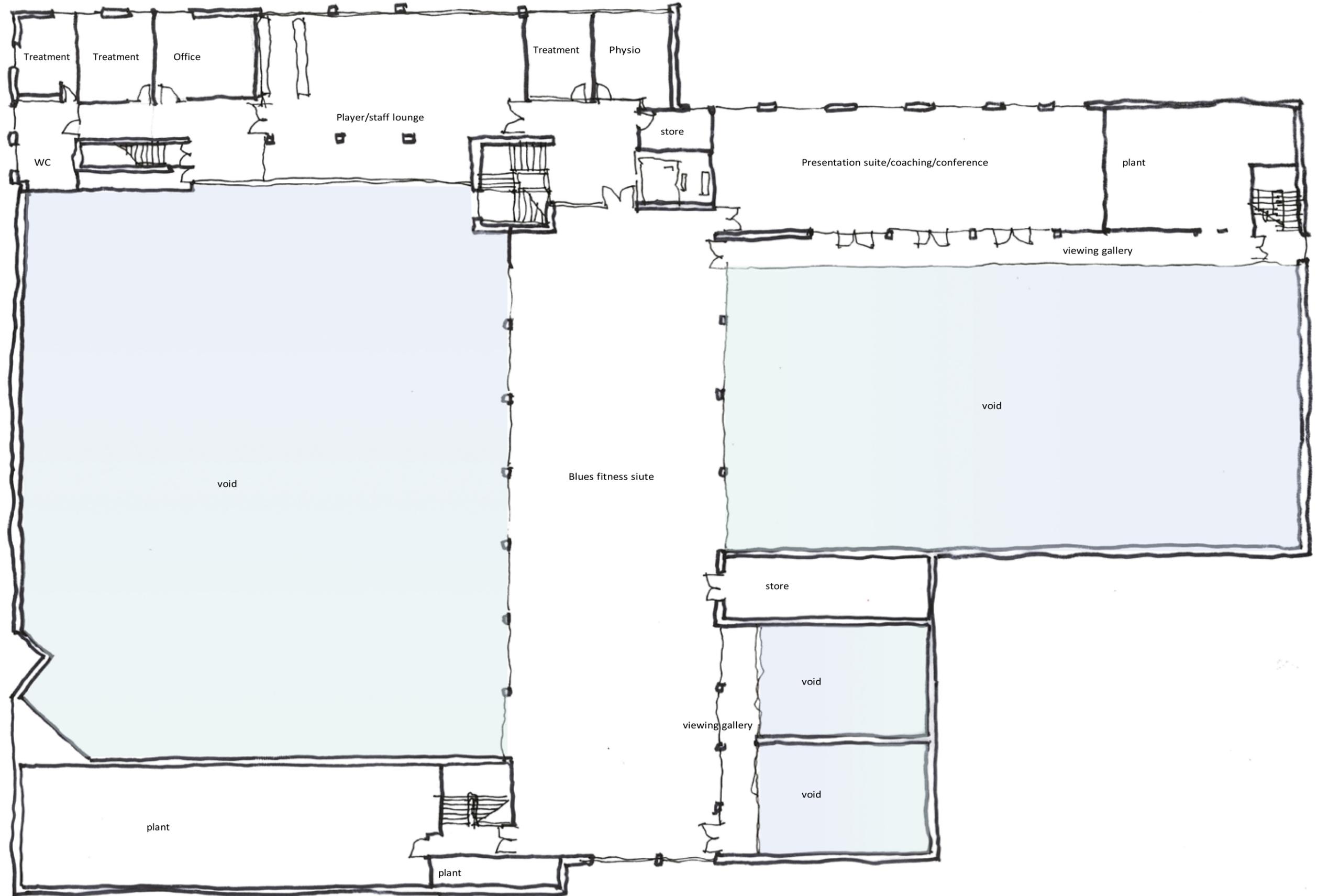
Tudalen 136
Key

Tudalen 137



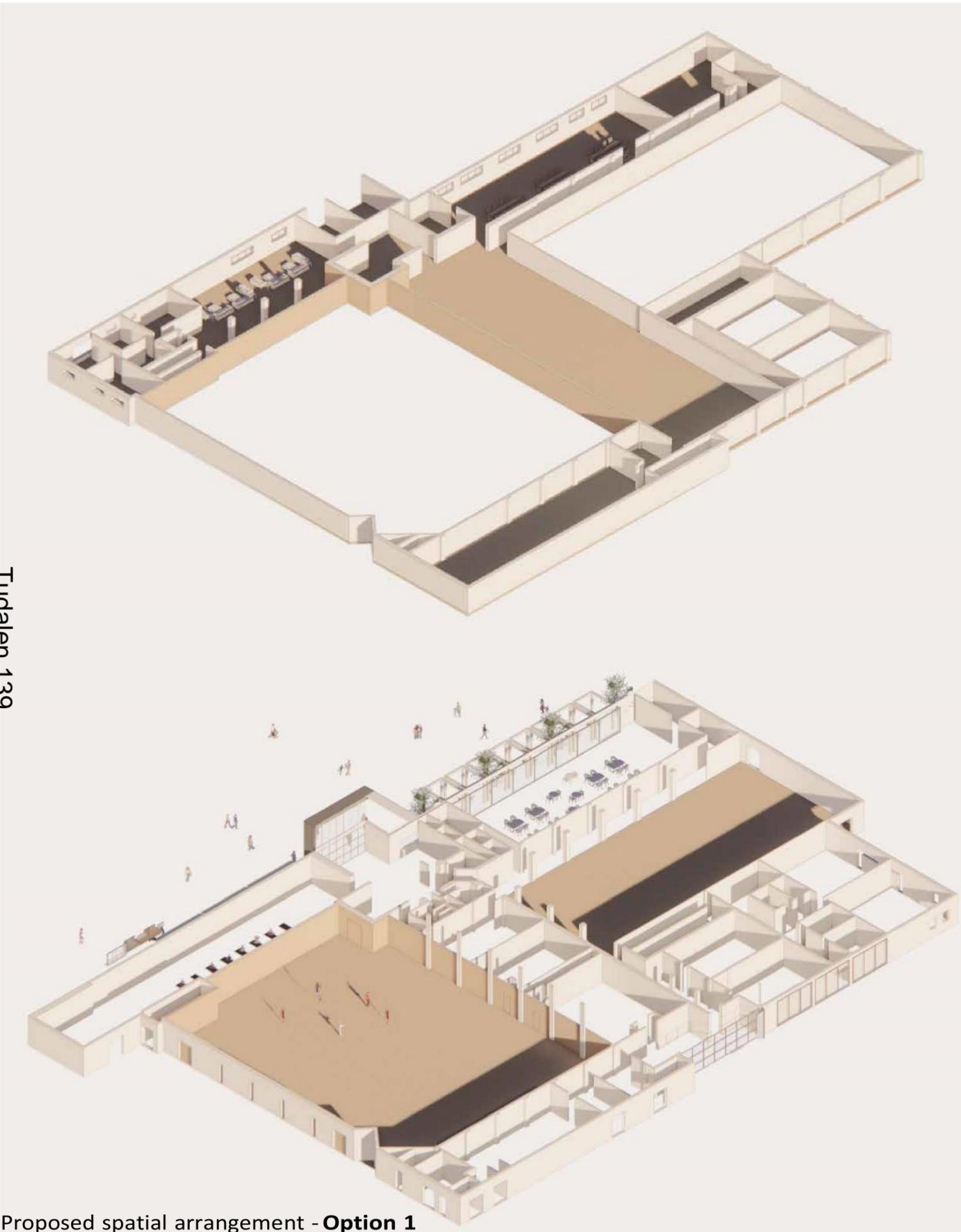
Proposed ground floor plan **Option 1**

Tudalen 138



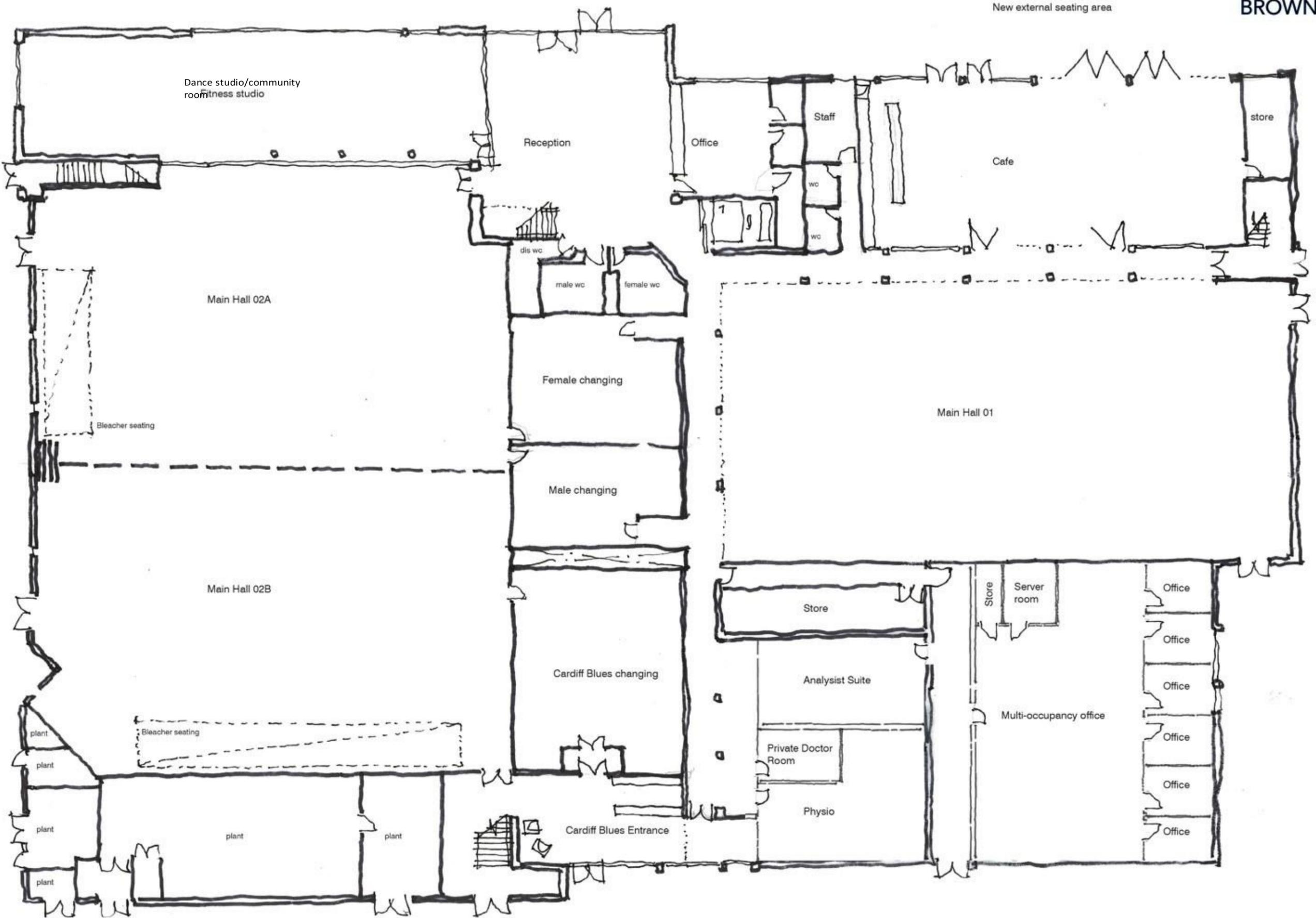
Proposed first floor plan - **Option 1**

Tudalen 139

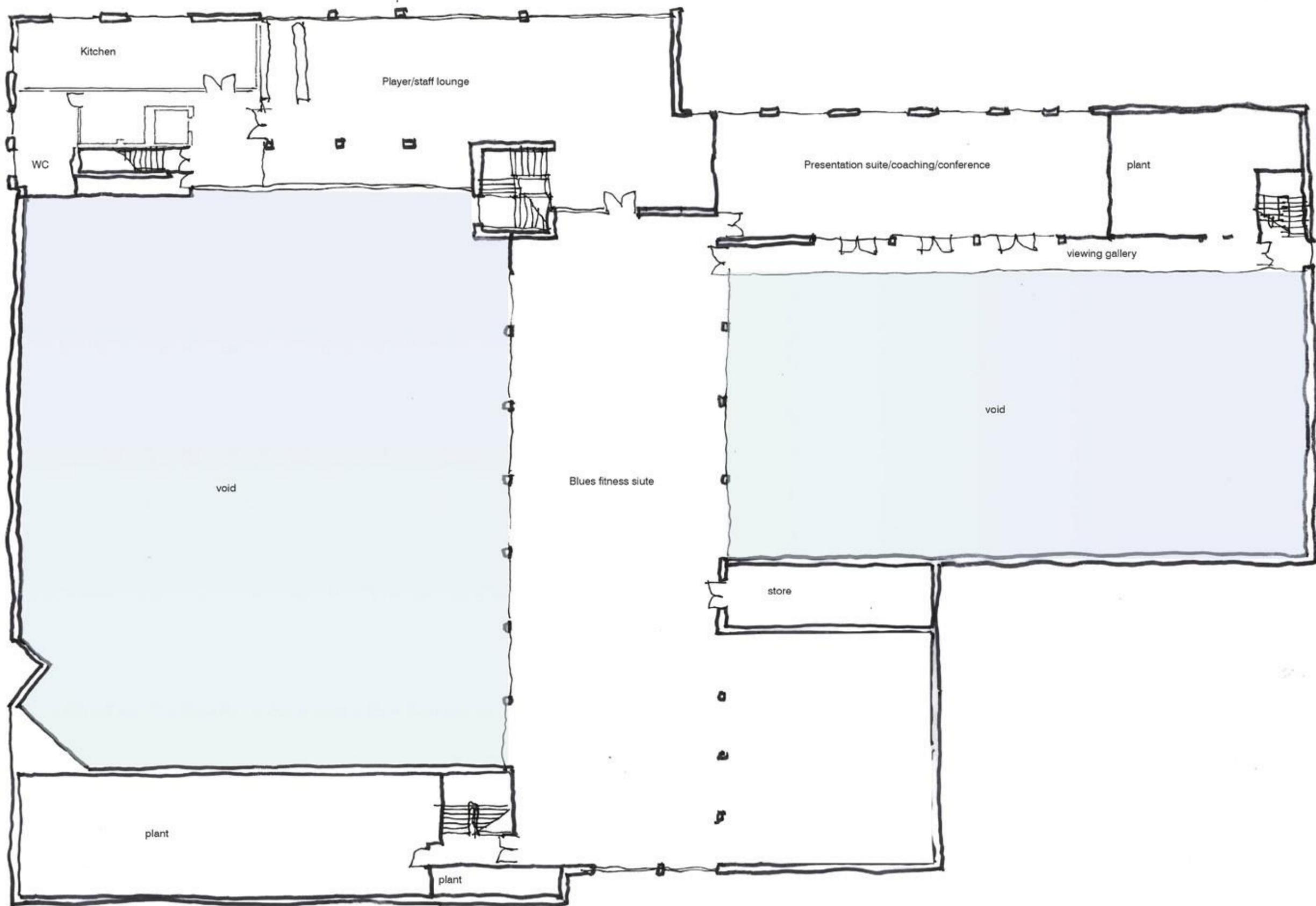


Proposed spatial arrangement - **Option 1**

Tudalen 140



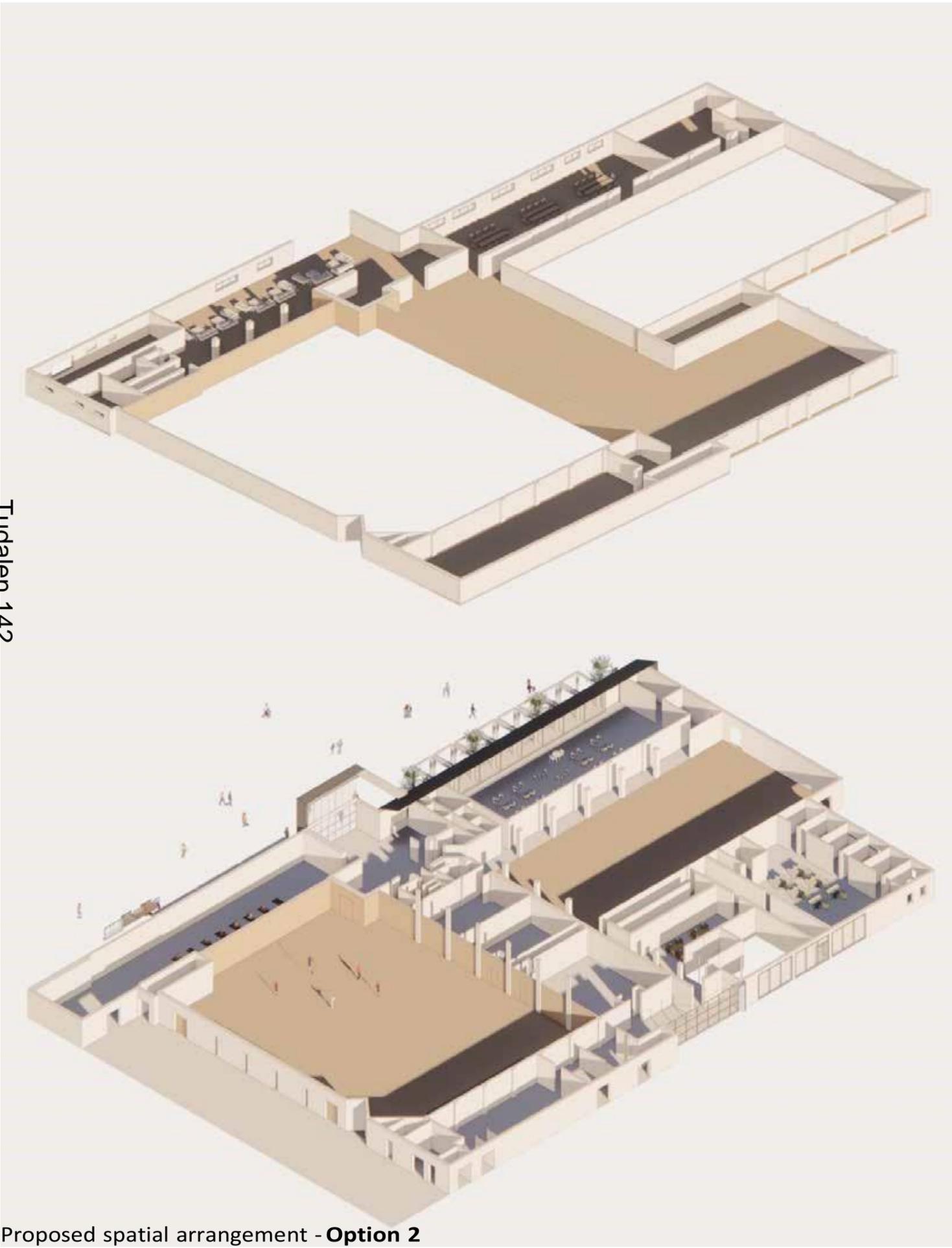
Proposed ground floor plan - Option 2



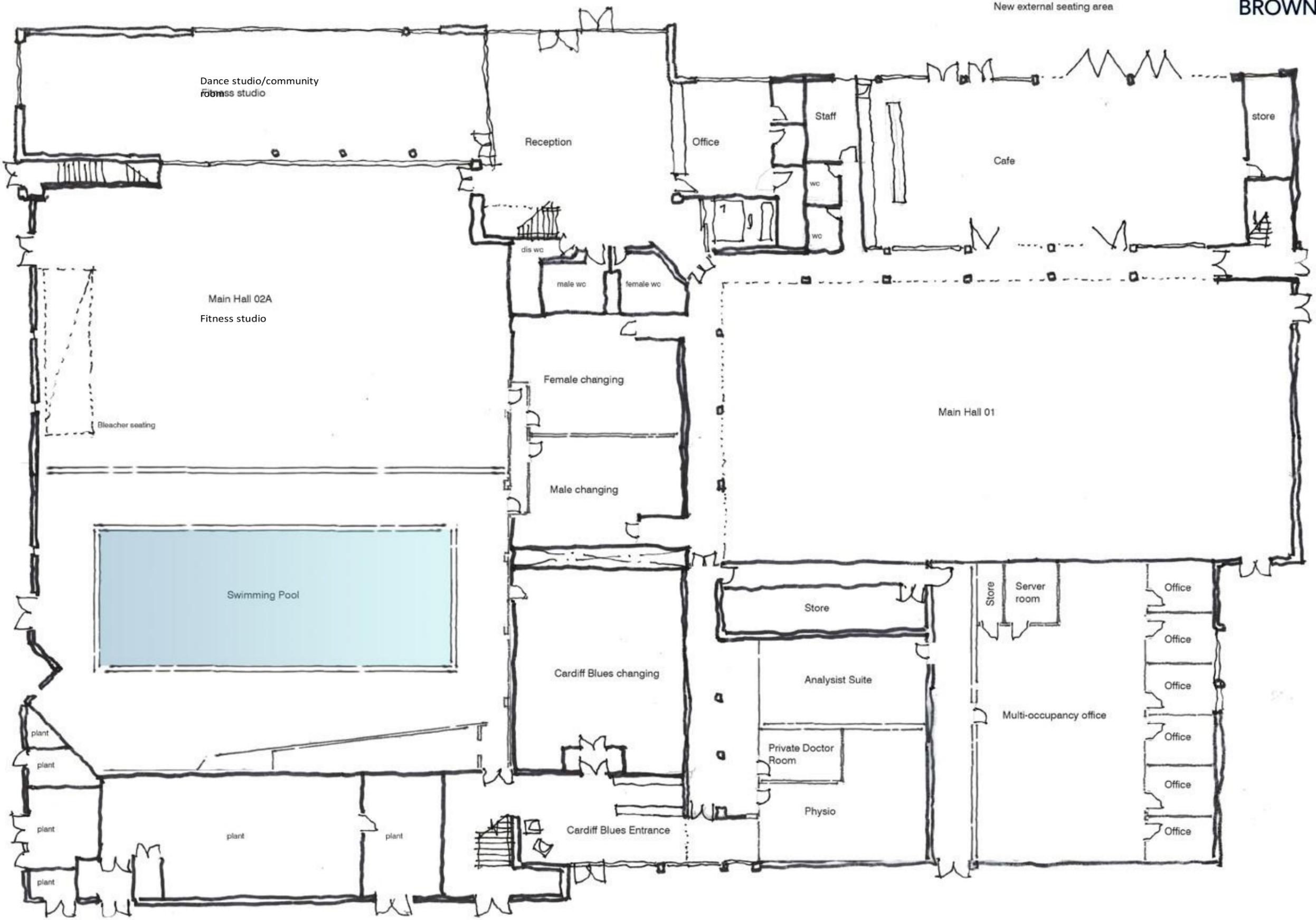
Tudalen 141

Proposed first floor plan - Option 2

Tudalen 142



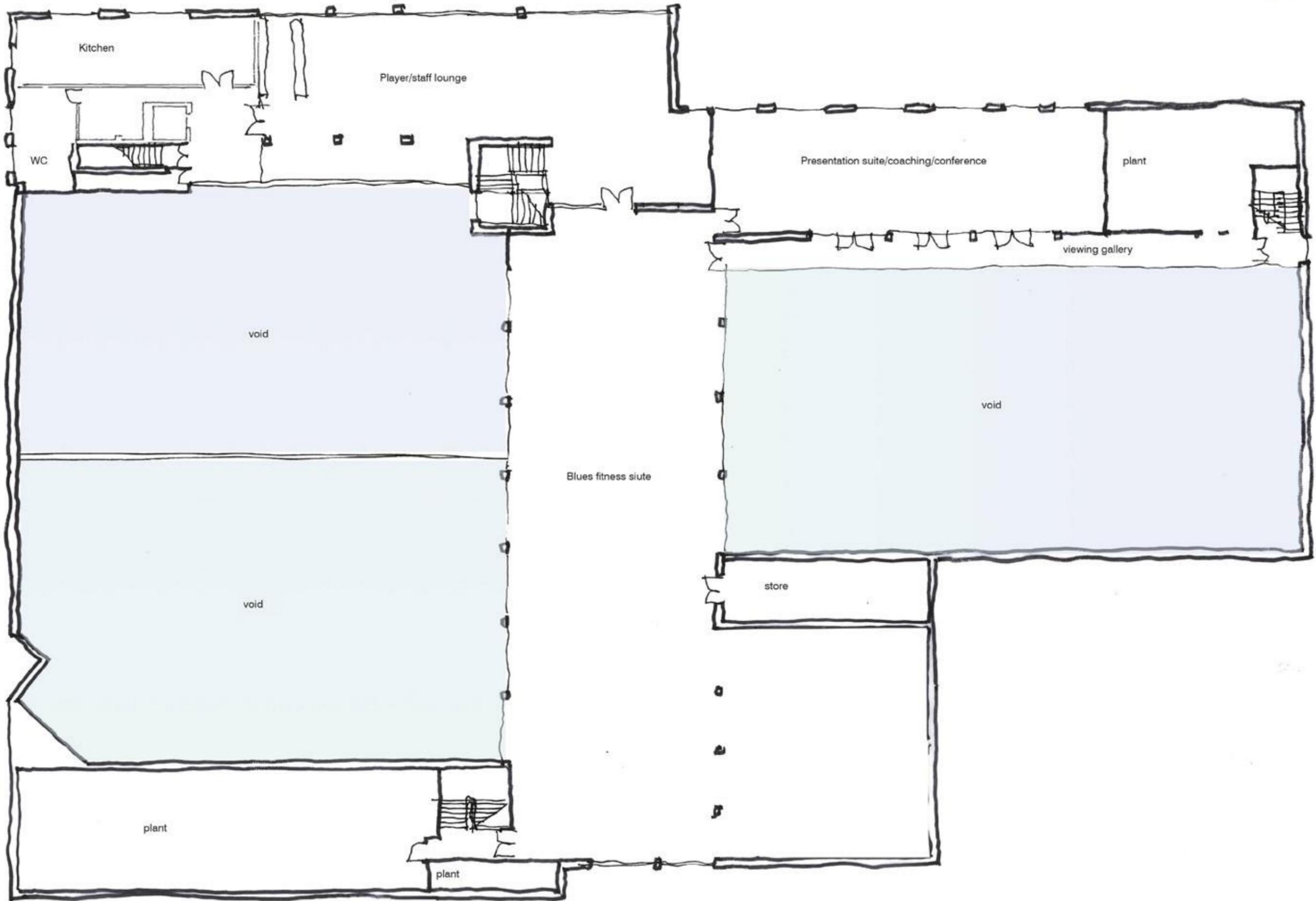
Proposed spatial arrangement - **Option 2**



Tudalen 143

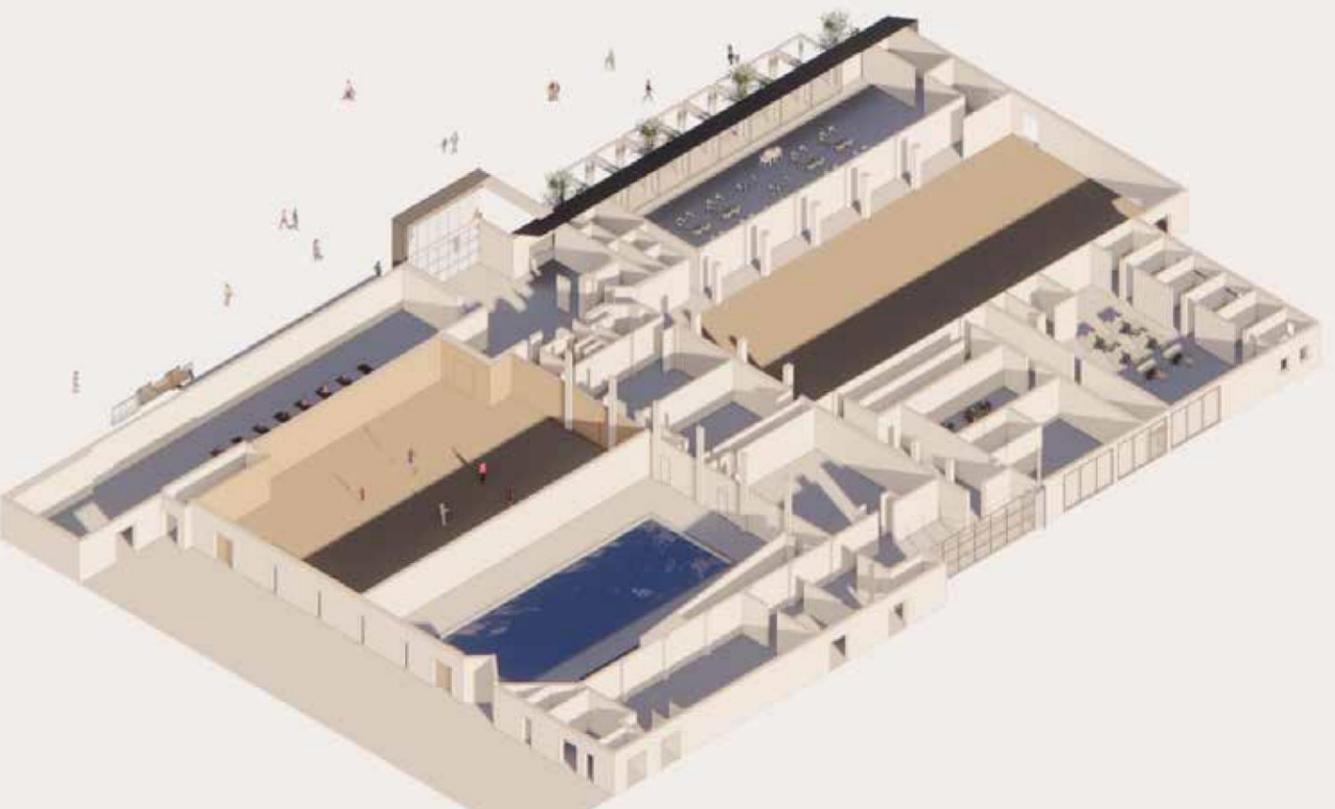
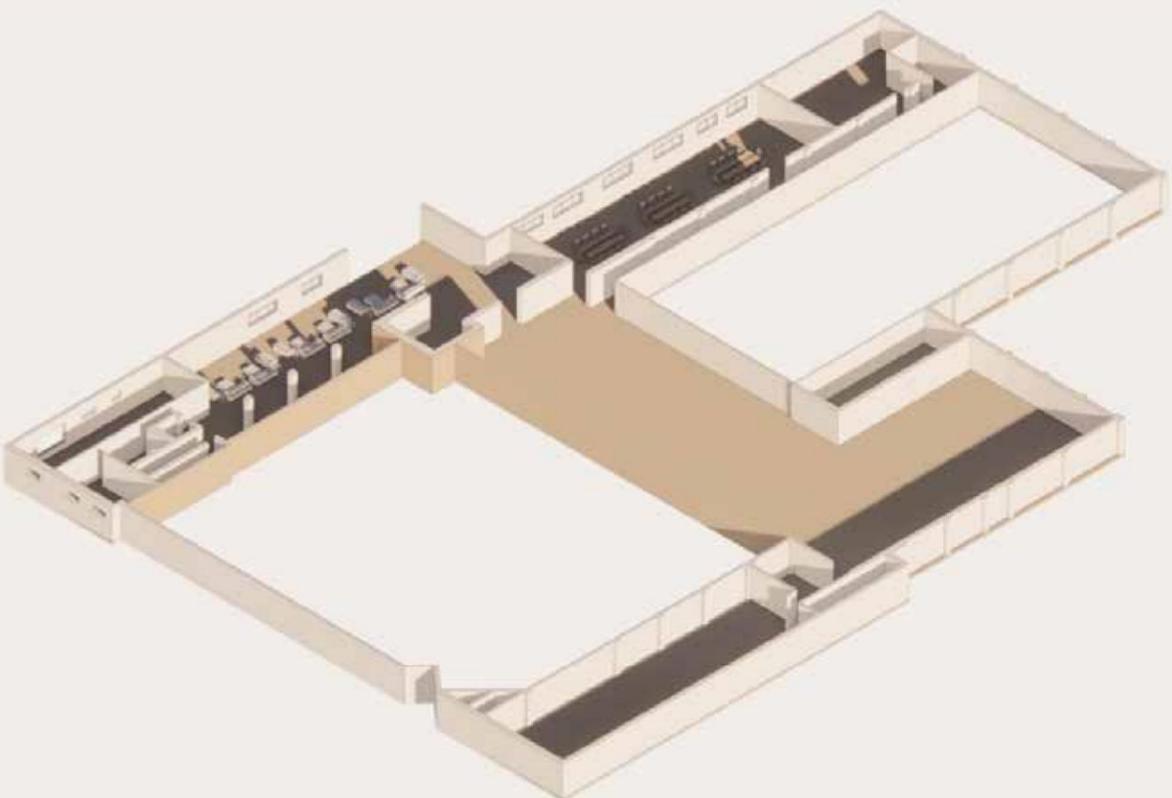
Proposed ground floor plan - Option 3

Tudalen 144



Proposed first floor plan - Option 3

Tudalen 145





Tudalen 146

Proposed elevation



Tudalen 147





Tuddalen 148

Proposed visualisation

Yn rhinwedd paragraff (au) 14, 15, 16 Rhan (nau) 4 a 5 o Atodlen 12A
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Mynediad Cyfyngedig i'r Ddogfen

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Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

My Ref: T: Scrutiny/Correspondence/Cllr NH

Date: 9 November 2020



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Councillor Peter Bradbury
Cabinet Members
Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Bradbury,

Impact of Coronavirus Pandemic on Leisure & Youth Sports

On behalf of the Committee Members, thank you for attending the Economy & Culture Scrutiny Committee with Steve Morris, Laura Williams (Sport Cardiff), Ben O'Connell (Cardiff Metropolitan University) and Rhys Jones (GLL).

Members wished to explore the impact of the pandemic on leisure and youth sports and to understand the work underway to respond and to prepare for post-covid. Members thank Laura for her presentation and 6-month report that complemented the research in our cover report and gave us a clear overview of these issues in Cardiff, in terms of participation rates, impact on community clubs, classes and team sports and the work that the sector is doing to address these.

It is evident that there has been much work to date to adapt to the new landscape, with online content and equipment packs to encourage home and school exercise. However, understandably, this has not been able to replace pre-covid levels of exercise; Members are concerned to note the widening gap in participation rates and the negative legacy this leaves in terms of a backlog of young people who have missed opportunities to learn new skills and participate in sports. Members are pleased leisure and sports partners in Cardiff have recognised this issue and that work is ongoing to put in place programmes and approaches to tackle the backlog. Members wish to pass on their thanks to Sport Cardiff for their work to assist clubs and community groups apply for grants in order to increase the number of trained

coaches, to ensure covid-secure ratios are adhered to, as well as their support to the workforce to cope with the pressures that come from being covid-compliant.

Members recognise that physical activity is critical for mental health and wellbeing and that, whilst leisure and sports are technically a discretionary activity, local authorities have a key role to play with partners in supporting this. Not only does this fit with our duties under the Wellbeing of Future Generations Act, it benefits our local communities as parks, open spaces, school facilities, leisure centres, community clubs, classes and teams are essential elements of the infrastructure needed to maintain and promote community cohesion and reduce anti-social behaviour. Members are therefore reassured to hear that you and our partners have made these points to Welsh Government and we lend our support to you in this.

It is clear that all attendees have been working to support leisure and sport in Cardiff, both now and in the future. In particular, Members welcome the following:

- Sport Cardiff and the Council's work to encourage Cardiff West and Eastern High Schools to open their facilities for community use. Members note that Sport Cardiff raised that guidance to schools regarding use of their facilities is not clear. Therefore, **we recommend** that you raise with Welsh Government the need to clarify their guidance in this regard and **we recommend** that you ensure that Cardiff Council's guidance to schools supports consistent access to available facilities where this is covid-compliant.
- You and partners' work in lobbying and brokering agreement between Welsh Government and governing bodies to ensure the safe restart of team sports.
- The substantial work in hand to find a long-term sustainable way forward for the leisure services management contract with GLL.
- GLL's wider partnership role in Cardiff, such as supporting volunteers and fitness instructors, providing venues for a wide range of physical activities and working with Sport Cardiff to design and implement programmes to tackle the backlog in swimming.
- The ongoing horizon scanning work by all partners to evolve and adapt to new requirements.
- The development of a new Physical Activity and Sport Strategy.
- The development of a new Aquatics/ Swimming Strategy.

Members recognise the need to encourage participation in physical activity and sport, to boost health and wellbeing, sustain communities and ensure that community clubs, teams and facilities remain viable. Members are keen to play their part in this, as ward councillors and as members of this Committee. As such, I will be liaising with Sport Cardiff and GLL to enable me, in my capacity as Chair of this Committee, to send a letter to all Members explaining which facilities are available so that all ward councillors will be able to promote leisure and sport in their area, helping to boost footfall and participation rates.

Finally, Members heard the concerns expressed about Sport Wales' regionalisation of sport partnerships. It is our intention to carry out detailed scrutiny on this and the likely ramifications for sport in Cardiff and to prioritise scrutiny of their proposals as these become clearer. Scrutiny services will be in touch to arrange this.

Thank you again to you and all whom attended to explain the sterling work you are all taking to encourage and promote leisure and sport in Cardiff and to protect current resources for future generations: the whole Committee wishes you all the best with your work.

This letter requires a response, please, to the recommendations highlighted above.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS
CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE**

cc Members of the Economy & Culture Scrutiny Committee
Neil Hanratty Jon Maidment
Steve Morris
Laura Williams – Sport Cardiff
Ben O’Connell – Cardiff Metropolitan University
Rhys Jones - GLL
Clair James Cabinet Support Office

Mae'r dudalen hon yn wag yn fwriadol

My Ref: T: Scrutiny/Correspondence/Cllr NH



County Hall
Cardiff,
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Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Date: 9 November 2020

Councillor Peter Bradbury
Cabinet Member, Culture & Leisure
Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Bradbury,

Leisure Services Contract - GLL

Thank you for attending Economy & Culture Scrutiny Committee on 5 November 2020, along with Neil Hanratty and Steve Morris as well as Rhys Jones from GLL, for pre-decision scrutiny of the report to Cabinet on the Leisure Services Contract with GLL.

Overall, Members are supportive of the recommendations to Cabinet. Members recognise the impact of the coronavirus pandemic on GLL and the whole of the leisure sector. Members are reassured that an open book approach is being used, with financial officers undertaking the necessary scrutiny of the financial projections of GLL.

Members appreciate the reasons for bringing to Members' attention the need to raise the risk level to that of a Corporate Red Risk, and that these include demonstrating implementation of improvements suggested during the recent WAO Review of Leisure. Members wish to highlight that they have prioritised scrutiny of this WAO report at committee, when it is publically available.

Members note the aim of the fundamental review of the existing contract is to identify variations that will ensure the long-term sustainability of GLL provision of services in Cardiff, which we welcome. Members wish to scrutinise the proposed contract

variations and ask that officers ensure they liaise with scrutiny services to ensure this is scheduled appropriately.

During our earlier item at committee, Members explored the impact of the coronavirus pandemic on the leisure sector and youth sport in particular. I have written separately to you detailing our observations following this but wish to reiterate in this letter the Committee's wholehearted support for covid-secure leisure and sports. Leisure services are vital for our physical and mental health and wellbeing and boost cohesion in our communities, all of which is sorely needed in these times.

Thanks again to you and all who attended with you. This letter does not require a response.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE

cc Members of the Economy & Culture Scrutiny Committee
Neil Hanratty Jon Maidment
Steve Morris
Rhys Jones - GLL
Clair James Cabinet Support Office

CYNGOR CAERDYDD
CARDIFF COUNCIL

ECONOMY & CULTURE SCRUTINY COMMITTEE

11 MARCH 2021

VELODROME AND INTERNATIONAL SPORTS VILLAGE DEVELOPMENT
STRATEGY: PRE-DECISION SCRUTINY

Appendices 2-6 of the Cabinet Report attached at Appendix A are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972. 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

1. To provide Members with background information to assist pre-decision scrutiny of the draft report to Cabinet titled '*Velodrome and International Sports Village Development Strategy*', to be considered by Cabinet at their meeting on 18 March 2021.
2. Members should note that **Appendices 2-6** of the Cabinet report are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors.

Scope of Scrutiny

3. At their meeting on 18 March 2021, the Cabinet will consider a report seeking:
 - i) approval for a new masterplan for the leisure component of the International Sports Village (ISV);
 - ii) authority to develop a detailed business case for completing the leisure attraction at ISV, including a soft-market testing exercise
 - iii) in principle approval for plans for a velodrome in the ISV;
 - iv) authority to develop a velodrome detailed business case, procure advisors and contractors and develop a planning application.

4. During this scrutiny, Members have the opportunity to:
 - i) Undertake pre-decision scrutiny of the report to Cabinet on the Velodrome and International Sports Village Development Strategy;
 - ii) Explore with witnesses key factors shaping proposals and the fit between these and the wider Cardiff Bay regeneration plans;
 - iii) Test the financial and legal implications for the Council and any risks to the Council;
 - iv) Gain an understanding of the next steps and timelines involved; and
 - v) Test the recommendations to Cabinet.

Structure of the meeting

5. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Appendices 2-6**.
6. Members will hear from Councillor Russell Goodway (Cabinet Member – Investment and Development), Neil Hanratty (Director of Economic Development), Chris Barnett (Operational Manager – Major Projects) and Jo Phillips (Project Manager). There will be a presentation taking Members through the proposals and recommendations to Cabinet, followed by Members questions.
7. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

Background

8. In 2001, the administration's 'Ambitions for Cardiff' strategy document contained a commitment to "*progress the development of the £240m International Sports Village as the centre piece of Cardiff's plans to become a regional capital of sporting excellence*". The commitment to this project was reiterated in the Ambitions for Cardiff 2002-03 as "*progress the development of the International Sports Village as the centrepiece of Cardiff's plans to become a European Sports/Leisure destination*".

9. As part of the regeneration project, the Council acquired ownership of tranches of land on the ISV site, which remain in Council ownership. Since then, a mixture of public and private sector investment has resulted in the following developments:

- i) Cardiff International Swimming Pool
- ii) Cardiff International White Water Centre
- iii) Ice Arena Wales
- iv) Residential and Retail developments
- v) Pont y Werin Bridge.

10. In 2012, the Council signed a Development Agreement with Greenbank Partnership Ltd (GPL)¹ to construct a new Ice Arena and undertake work to secure a Snow Dome or equivalent alternative leisure facility, with the release of the Council-owned Waterfront site for mixed-use development.

11. In July 2017, the Council's new Administration set out a policy programme and associated delivery commitments in the Capital Ambition five-year plan. This contains a commitment to '*Set a refreshed vision for Cardiff Bay as a leisure destination, by securing a new visitor attraction, with the possible creation of a permanent "beach style" facility and revitalising the strategy for the International Sports Village.*'

12. Since then, the Council has had a dialogue with GPL regarding the next stages of ISV development. The global financial 'crash' and consequent impacts on property markets translated into localised delays in the roll-out of the Cardiff Pointe development; the Council responded by providing GPL with an extension to the Development Agreement timeline. In 2019, GPL informed the Council that they were entering a Joint Venture with a new development partner to complete Cardiff Pointe.

13. In March 2018, Cabinet provided authority for the Council to acquire 4.32 acres of land on the former Toys R Us retail building including a large service yard and

¹ GPL are the owners and developers of the adjacent Cardiff Pointe site and signed a Development Agreement with Cardiff Council, in 2012, to construct a new Ice Arena and undertake work to secure a Snow Dome or equivalent alternative leisure facility

circa 300 car parking spaces. The rationale for the acquisition was to improve the development potential of the Council's adjoining land holding known as Retail 3.

14. In October 2019, Cabinet approved a revised development strategy for the ISV, including considering land ownership, future operating models and appropriate procurement processes to develop these.

15. The draft report to Cabinet titled '*Velodrome and International Sports Village Development Strategy*', is attached at **Appendix A** and has **six** appendices:

- Appendix 1 - Site Plan
- Confidential Appendix 2 - Velodrome Programme
- Confidential Appendix 3 – ISV Stage 1-2 Feasibility Study
- Confidential Appendix 4 – Financial Summary
- Confidential Appendix 5 – ISV Master-plan
- Confidential Appendix 6 – Tax Advice (March 21).

Issues identified in the Cabinet Report

16. The report to Cabinet provides details regarding:

- i) the existing development agreement with GPL
- ii) the development of a velodrome at the ISV
- iii) the new development strategy
- iv) the proposed transport strategy, and
- v) the delivery strategy.

Development Agreement with GPL

17. **Point 12** sets out:

- i) GPL Cardiff Pointe development requires completion
- ii) The Council is in the process of negotiating a land transaction with GPL, with final details to be brought back to Cabinet for approval.

Velodrome

18. Delivery of the new Cathays High School presents an opportunity to relocate and improve the velodrome. **Points 13-18** of the report to Cabinet propose a new, replacement velodrome at ISV and the report seeks in principle approval for plans for this and delegated authority to:

- i) progress a final business case and
- ii) appoint professional advisors, procure a contractor and develop a planning application.

19. The costs of relocating the track would be met using School Organisation Programme monies. The costs of providing storage, workshops and welfare facilities would be met using revenues generated by the facilities.

20. A further report will be brought to Cabinet for approval of the final business case, costs and funding solutions. **Confidential Appendix 2** provides details of the proposed velodrome programme and **Confidential Appendices 3 and 4** provide details re costs.

New Development Strategy

21. **Points 19-22** set out the proposed development strategy, including:

- i) Use the waterfront site for mainly residential development, with the ground floor being used for food and beverage outlets;
- ii) Cluster new leisure development around existing facilities to the rear of the site;
- iii) Changes to Olympian Drive, the removal of the roundabout on Watkiss Way and a new road linking Cardiff Pointe to International Drive and Ferry Road;
- iv) Utilising the Toys R Us building for commercial retail;
- v) Consolidation of surface car parking to be replaced longer term with a multi-storey car park;
- vi) A 333m velodrome with associated facilities;
- vii) A 1km closed-loop circuit for cyclists, runners and scooters; and
- viii) Retention of the Bay edge walkway for public use;
- ix) Improve biodiversity through public realm improvement including planting trees, introduction of pocket parks and the general greening of the area.

22. The report to Cabinet highlights that there is potential for other developments, including a hotel, possible extension of the Ice Arena and repositioning the entrance to the CIWW.

23. The report to Cabinet seeks approval for the new masterplan for the leisure component of the International Sports Village (ISV).

24. **Confidential Appendix 5** contains further details of the proposed site masterplan.

Transport Strategy

25. At **points 23-27**, the report to Cabinet states the Council will explore the use of the site as a Park & Ride destination and explore the possibility for a new water-taxi landing bay. The report states that the proposed bridge that forms part of the Channel View redevelopment will improve cycling access across the River Taff. The report also states that current contracts require provision of a set number of car parking spaces for existing facilities; future facilities will add to this.

Delivery Strategy

26. At **points 28-31**, the report to Cabinet states that the proposals have anticipated costs circa £20million, with initial appraisals indicating they can be funded on a commercial basis. The report is clear that, at this stage, the Council is only committing to delivery of the velodrome, with authority being sought to develop the business case for the remaining development. Preparation of the business case will include a soft-market exercise to test interest in operating the site. The report states that the ISV car parks' revenue is central to the business plan.

Waterfront Site

27. **Point 32** sets out that it is intended to return to Cabinet in spring/ early summer with a final proposal to conclude the 2012 Development Agreement with GPL and enable future development to proceed.

28. **Financial Implications** are set out in **Points 34-42** and include:

- i) That more detailed financial implications will be provided when detailed proposals are brought to Cabinet;
- ii) Proposals brought forward must be self-financing utilising capital receipts and s106 contributions, as there is no specific funding in the budgetary framework for the redevelopment of the ISV;
- iii) The majority of proposed costs for the Velodrome and wider development are supported by an independent development appraisal, contained in **Confidential Appendix 4**. These will be tested further when a Final Business Case is brought to Cabinet;
- iv) To minimise the risk of financial implications, the delivery programme for the velodrome will need to be proactively managed, reviewed and closely monitored;
- v) No suitable funding source has been identified to cover the costs for preparing a business case and conducting a soft market testing exercise;
- vi) Careful consideration needs to be given to the VAT implications of proposals and further detailed VAT advice on specific proposals will need to be taken into account during decision making;
- vii) The new development strategy will result in the Council not recovering the original capital receipts used to acquire the Toys R Us site, thus reducing the amount available for other regeneration projects.

29. Legal Implications are at **Points 43-53** and include:

- i) For property transactions, the Council needs to comply with its acquisition of and disposal of land rules and procedures, including seeking advice of its qualified valuer;
- ii) For procurement, the Council is required to follow its internal contract standing orders and procurement rules, together with statutory requirements;
- iii) Detailed legal consideration, including wider considerations such as Equality duties, will need to be provided in relation to proposals in further reports, including an Equality Impact Assessment;

- iv) The Cabinet needs to take account of the Council's fiduciary duties to local residents and taxpayers, giving proper consideration to the risks, rewards and potential future liabilities of proposals;
- v) Decisions about the recommendations need to be made in the context of the Council's public sector equality duties and duties arising from the Equality Act 2010, the Well-Being of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and Welsh Language Standards;
- vi) the proposals need to be within the policy and budgetary framework of the Council; otherwise, the proposals must be referred to Council.

30. **Property Implications**, at **Point 54**, state that there are no specific property implications in respect of this report as the Council is only committing to delivery of the velodrome track facility, and authority is not being sought to deliver any other aspect of the masterplan.

Proposed Recommendations to Cabinet

31. The report to Cabinet contains the following recommendations:

- (i) Approve the new masterplan to complete the leisure attraction at the International Sports Village attached at Appendix 5.*
- (ii) Approve in principle the plans for the new Velodrome at the International Sports Village and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to prepare a detailed business case including the appointment of professional advisors, procurement of a contractor and the development of a planning application to be presented back to a future meeting of Cabinet for final approval before entering contracts.*
- (iii) Delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to prepare a detailed business case for completing the leisure attraction at the International Sports Village as set out in the masterplan at Appendix 5 and the development appraisal at Confidential Appendix 4, including undertaking a soft-market testing exercise relating*

to the future operation of the site, and to return to a future meeting of Cabinet for final approval.

Previous Scrutiny

32. In March 2018, this Committee undertook pre-decision scrutiny of a report to Cabinet re International Sports Village, with confidential information in the appendices. In the resulting Chair's letter² Members highlighted:

'Members wish to undertake further scrutiny of the proposals for revitalising the ISV, as these come forward... We look forward to these including details on proposed improvements to pedestrian and cycle routes in the Bay, thus enhancing the visitor and resident experience.'

33. At their Committee meeting on 8 November 2018, Members scrutinised a report to Cabinet regarding land at Harbour Drive. Following their scrutiny, the Chair, Councillor Nigel Howells, wrote to Councillor Russell Goodway, Cabinet Member- Investment & Development, stating³:

'Members are supportive of the proposal to purchase land in order to protect the Bay edge for leisure use and to provide opportunities for appropriate investment to enhance further the amenity of Cardiff Bay. Members are reassured to hear that officers are working on an overall Cardiff Bay masterplan, which will include this site.'

34. In October 2019, this Committee undertook pre-decision scrutiny of a report to Cabinet titled '*International Sports Village Development Strategy*'. Following their scrutiny, the Chair, Councillor Nigel Howells, wrote to Councillor Russell Goodway, Cabinet Member- Investment & Development, stating⁴:

- i) Overall, Members recognise *'the need to utilise a pragmatic strategy to finish the ISV and ensure benefits to the surrounding communities and across Cardiff and the region'*
- ii) *'it is critical that we apply the lessons learnt from earlier schemes regarding how best to build a sense of place and a sense of*

² Letter from Cllr Howells, Chair Economy & Culture Scrutiny Committee, to Cllr Goodway, Cabinet Member Investment & Development, dated 9 November 2018.

⁴ Extracts taken from letter from Cllr Howells, Chair Economy & Culture Scrutiny Committee, to Cllr Goodway, Cabinet Member Investment & Development, dated 4 October 2019.

community...how to best factor in appropriate, open spaces for residents to meet and interact; at the meeting, ideas mentioned included pocket parks and community buildings. Members were pleased to hear assurances that trees and greenery would be part of the development'

- iii) *'Members recognise the need to enhance the leisure offer and believe that adventure tourism products will bring economic benefits to the area; the need to boost the transport infrastructure is appreciated and Members are pleased that public and active transport infrastructure are highlighted for improvement and enhancement.'*

35. At their meeting on 10 October 2019, Cabinet approved the new development strategy and delegated authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to:

- i) bring forward the development of the Waterfront site including disposal of land as required and to ring-fence any capital receipt in accordance with the financial strategy outlined in Confidential Appendix 4 and subject to an independent valuation as necessary
- ii) deal with all aspects of the procurement of a commercial partner to establish and operate a new leisure attraction at the International Sports Village as set out in this report and to return to Cabinet for final approval
- iii) include the external operation of the CIWW as part of the procurement process in accordance with the strategy set out in this report and to return to Cabinet for final approval.

Way Forward

36. Councillor Russell Goodway (Cabinet Member – Investment and Development) will be invited to make a statement. Neil Hanratty (Director of Economic Development), Chris Barnett (Operational Manager – Major Projects) and Jo Phillips (Project Manager) will attend to give a presentation and answer Members' questions on the proposals.

37. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendices 2-6**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

38. 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

39. 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) Consider the information in this report, its appendices and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 18 March 2021; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

10 March 2021

CABINET MEETING:

18 March 2021

**VELODROME & INTERNATIONAL SPORTS VILLAGE
DEVELOPMENT STRATEGY**

INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)

AGENDA ITEM:

PORTFOLIO: INVESTMENT & DEVELOPMENT

Appendices 2 to 6 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. To seek approval of a revised masterplan for the leisure component of the International Sports Village (ISV) development in Cardiff Bay.
2. To seek authority to develop a detailed delivery strategy including consideration of the long-term operation of the various leisure facilities at ISV.
3. To set out a plan for delivery of a new Velodrome facility at ISV.

Background

4. The Council commenced the redevelopment of the peninsula site known as the International Sports Village in Cardiff Bay, in 1999. The site has proven to be a complex long-term project involving extensive land reclamation and remediation works and significant infrastructure investment. The Cardiff Pointe residential site was sold by the Council to fund the replacement for the Empire Pool, which needed to be demolished to make way for the construction of the Principality Stadium, and was later acquired by Greenbank Partnerships Ltd in 2010.
5. The Council completed construction of the new Cardiff International Pool in 2008 and the Cardiff International White Water (CIWW) attraction in 2010. CIWW has subsequently enhanced with a Flowrider surfing attraction, a High-Ropes experience, and an outdoor climbing wall. The Council also disposed

of its leasehold interest in circa 4 acres of land off Olympian Drive to enable construction of a new 40,000 sq ft retail warehouse building to enable the relocation of Toys R Us out of the city centre to make way for delivery of the St David's 2 shopping centre. Appendix 1 provides a plan of the site and an illustration of the development that has been delivered to date.

6. In 2012, the Council entered into a long-term Development Agreement with Greenbank Partnership Limited (GPL) following a market procurement exercise. GPL put forward an exciting and comprehensive strategy for the redevelopment of the peninsula site covering their own Cardiff Pointe site and the Council's Waterfront site. The Council's principle priority at the time was to construct a new Ice Arena to replace the one demolished to make way for the St David's 2 shopping centre, and to deliver a Snow-Dome attraction.
7. The Development Agreement involved the transfer of land from the Council to GPL on a 999 year lease in two phases as illustrated by the plan at Appendix 1: Phase One on committing to the Ice Arena development; and Phase Two on committing to the delivery of the Snow-Dome facility.
8. The cost of delivering the new Ice Arena far outweighed its anticipated commercial value. To ensure delivery of a state-of-the-art facility, the Council agreed to commute a proportion of s106 contributions and affordable housing contributions generated by the planning permission for residential development on the adjacent Cardiff Pointe site. To meet the Council's aspirations, GPL decided to forward fund early delivery of the new Ice Rink in advance of residential sales on Cardiff Pointe.
9. GPL completed the Ice Arena development in 2016. They have also delivered 100 private residential properties on Cardiff Pointe and c150 units of affordable housing on adjacent sites. However, since 2018 further development has stalled.
10. The Council retains a significant land holding at the International Sports Village site illustrated by the ownership plan attached at Appendix 1. In March 2018, Cabinet provided authority to secure the freehold reversion of the former Toys R Us building including a large service yard and circa 300 car parking spaces. The rationale for the acquisition was to improve the development potential of the Council's adjoining land holding known as Retail 3, as the former Toys R Us lease contained several covenants that affected the development potential of the Retail 3 site.
11. In October 2019, Cabinet approved a new strategic plan for completing the ISV development which involved repositioning the proposed leisure development on to lower value land to the rear of the site (former Toys R Us and Retail 3). This would help to establish a critical mass of leisure attractions by positioning new leisure facilities adjacent to the existing leisure facilities and would free up the Waterfront site for higher value residential-led mixed use development. Delivery of the plan was subject to reaching agreement with Greenbank regarding land interests in the area.

Issues

12. The Council and Greenbank have been engaged in dialogue over an extended period of time regarding their respective land interests, including the land subject to the Development Agreement. The Cardiff Pointe residential scheme is an important development in its own right, planned to deliver circa 850 new homes in the Local Development Plan. The Council remains keen for the next phase of construction to commence as soon as possible, not least to provide existing residents with certainty regarding the future of the site. The Council is in the process of negotiating a land transaction with Greenbank that will enable further development on the site to be accelerated and will return to Cabinet in the spring/early summer for authority to proceed, once draft terms are ready for approval.

Velodrome

13. In December 2020, Cabinet gave authority to begin the consultation process relating to the proposed expansion of Cathays High School. The proposed new development presents an opportunity to relocate and improve the city's Velodrome provision.
14. The current Velodrome benefits from having access to Maindy Leisure Centre for storage of circa 400 cycles, workshop space, welfare facilities and studio space to ensure sessions can continue in poor weather and also to allow for meetings and off-bike training.
15. The proposal is to deliver a new purpose built Velodrome facility at the International Sports Village. The relocation of the track is to be funded by the Schools Organisation Programme to secure an appropriate site for the school expansion. The balance of development - the Performance Hub - including storage, workshop space and welfare facilities will be delivered through revenue income. In order to align with the proposed timing of the delivery of the new Cathays High School, works are required to commence on delivery of the new Velodrome in 2021, following submission of a planning application. The current program set out in Confidential Appendix 2 anticipates the Velodrome could be operational within the International Sports Village by the end of 2022.
16. The Council has engaged with local cycling clubs and governing /representative bodies to ensure the design of the facility will (as far as is possible within the existing budget constraints) meet their expectations. These discussions will continue whilst the detailed designs are developed for submission to the Local Planning Authority. The existing facility at Maindy Leisure Centre will remain open until the new facility is completed and open for business to maintain continuity of provision. The Maindy Leisure Centre will continue to operate without the Velodrome facility thereafter.
17. Estimated costs associated with the relocation of the Velodrome are set-out in Confidential Appendix 3 and the strategy for meeting these costs is set out in Confidential Appendix 4. At this stage authority is being sought to progress the development of a detailed business plan. This will include the development of

detailed designs to a stage where they are ready for submission for planning approval. Given that an element of the cost of delivering this facility is based on income a final approval from Cabinet is required once detailed costs and projected income are fully understood and can be presented in a final business case.

18. The business case will also set out the proposal for operating the Velodrome facility. It is not intended for the Council to operate the facility. At this point in the process it is envisaged that the facility will be operated via a management agreement or lease with a third party. The various options and wider considerations will need to be considered in detail at a future date.

New Development Strategy

19. The relocation of the Velodrome to the International Sports Village site has presented an opportunity to further refine the development strategy presented to Cabinet in October 2019. The strategic plan to deliver residential-led mixed use development on the waterfront land and leisure development clustered around existing facilities to the rear of the site remains in place. The Velodrome presents an opportunity to amend the strategy for development of the leisure destination.
20. A new indicative masterplan is attached as Appendix 5. The scheme accommodates the new Velodrome facility and a small number of additional leisure assets to complete the scheme. The key features of the leisure development strategy are as follows:
 - A new 333m dedicated Velodrome facility with associated bicycle storage, workshop space, clubhouse and spectator stand.
 - A new 1km closed-loop circuit for cyclists, runners and other activity uses. Currently specified at 3m wide, this facility has the potential to be upgraded to 6m wide to enable use as a competition facility subject to attracting additional funding from relevant bodies. The intention is to provide free to use access for local residents. If the track is extended to 6m, dedicated access will also need to be provided for competitive sport purposes.
 - The former Toys R Us building (circa 40k sq ft) will be retained and refurbished to create an attractive and valuable commercial retail asset. The intention is to attract a large format bicycle retail store to complement the Velodrome and the closed-loop circuit. There will also be adequate space within the building to accommodate an additional leisure attraction.
 - Over the longer-term there is the potential to extend the CIWW to position the entrance of the facility in direct alignment with the current alignment of Olympian Drive to provide a focal point for the new public realm and improved visibility of the facility from the main entrance to the site.
 - The existing Ice Rink has the potential to be extended at the rear to complete the development. A new attraction could be provided as part of a review of the facility to improve its overall commercial viability and long-term sustainability. Ideally, the attraction would make use of the

plant and machinery already available within the Ice Arena. This will be brought forward on a commercial basis.

- Olympian Drive to be reduced, and subsequently eliminated once an adequate alternative access has been provided across the rear of the waterfront land to create an enhanced pedestrian environment at the heart of the leisure development. In particular, removal of the road will improve safe pedestrian connection between key facilities and establish a new all year-round external event space. Opportunities to improve biodiversity will be delivered through the proposed public realm improvement including the planting of trees, the introduction of pocket parks and the general greening of the area as appropriate.
 - As an initial step, undeveloped land will be set out as surface car parking to meet the on-site contractual requirements and to provide additional spaces to avoid visitors parking in adjacent residential areas. The long-term strategy is to consolidate parking to release further land for leisure development and for the site to become established as a Park & Ride destination. The intention is for the Council to retain full control of all on-site car parking to generate income to support delivery of the masterplan and the long-term upkeep of the leisure destination.
 - Highways improvements including the removal of the round-a-bout on Watkiss Way to make way for a new shared surface crossing to provide better connections between the new leisure facilities and CIWW.
 - A new road to be provided by the developers of the residential scheme on the waterfront land linking the Cardiff Pointe residential scheme to the existing round-a-bout joining International Drive with Ferry Road eliminating the need for Olympian Drive.
 - There is also the potential to accommodate a hotel on-site.
21. The Bay edge walkway will be fully retained and maintained for public use with public access protected. The proposed residential-led development of the waterfront land has potential to deliver a new 'destination' food & beverage promenade at ground level along the water's edge with views across Cardiff Bay fully open to the public. Above this active ground floor will be a series of relatively high-density residential-led mixed-use blocks, medium height (10-14 stories) to create a new district befitting of its unique, high quality waterfront aspect.
22. As the plans develop, the Council will consider utilisation of s106 contributions generated from the waterfront land to support completion of the ISV leisure destination.

Transport Strategy

23. Transport connectivity will become an increasingly important factor in the long-term success of the project. The site is within walking distance of Cogan Station via the Pont-y-Werin Bridge and this important link will need to be promoted as a primary link to increase usage. There is potential to improve access to the Station and to improve signage.

24. There are regular bus services which connect the site to the city centre in circa 15 minutes. As the site matures and additional car parking provision is provided, the Council will explore its use as a Park & Ride destination. The potential establishment of a Park & Ride could help to increase the regularity of bus services from the ISV to the Inner Harbour and the City Centre.
25. Cycling access to the site will be improved significantly by the plans to deliver a bridge across the River Taff as part of the Channel View redevelopment. This will help to link the site to the existing cycle superhighway in Cardiff Bay. This is an important development given the nature of the leisure destination being proposed, and the focus on delivering cycling facilities on-site, where users will need to access the site via bicycle.
26. There is an opportunity to make better use of the Bay itself and the River Taff to link the site to the Inner Harbour and the City Centre via water-taxi. As part of the development of the waterfront promenade, a new water taxi landing bay will be explored.
27. Whilst the Council is keen to improve public transport access to the site, there will also need to be an adequate number of parking spaces provided in order to meet existing contractual/planning obligations relating to the International Pool and the Ice Arena as well as the proposed new leisure development and to ensure local residents are not adversely impacted.

Delivery Strategy

28. It is anticipated that completion of the leisure destination, including parking provision, landscaping, public realm improvements and highways adaptations will cost in the region of £20m. Initial appraisal of potential income streams associated with the various facilities proposed, including parking income and rental income suggests that the development could be funded on a commercial basis.
29. At this stage the Council is only committing to delivery of the Velodrome track facility and is not seeking authority to deliver any other aspect of the masterplan through this report. Authority is being sought to develop a business case setting out detailed costs, income streams and a proposed investment programme for completion of the development to be presented back to a future meeting of Cabinet for authority to proceed.
30. A key aspect of the business plan will be the future operation of the facilities on-site and the ongoing maintenance of landscaping and public realm. Prior to the pandemic a number of operators/providers showed interest in developing a destination experience at the ISV. Most of these discussions were around developing a wider offer bringing in further adventure experiences such as rock climbing, sky-diving, indoor skiing (conveyor belt), zip-wire alongside new e-sport experiences. New facilities could be managed in conjunction with the International Pool, Ice Arena and CIWW under a singular brand giving customers easier access to a wider range of activities. As part of the development of the business case it is proposed to undertake a soft-marketing exercise to determine the level of interest in operating the site as a destination

and to confirm the level of income/rent that could be generated to support the business plan.

31. The car parking strategy will also be central to the business plan given the level of income that can potentially be generated. The site will initially need to provide a minimum of 800 spaces on-site for use by the International Pool, Ice Arena, CIWW and the new Velodrome. These spaces are already available on site but will need to be relocated around the site to align with the masterplan. It is proposed that leisure users will receive a concession for a number of hours (to be agreed).

Waterfront Land

32. The Council has been engaged in discussions with Greenbank regarding the Development Agreement entered into in 2012 and the need to reset arrangements to enable the wider development to progress. The discussions have progressed amicably and have involved potential asset swaps as well as various disposal/acquisition proposals. It is intended to return to Cabinet in spring/early summer with a final proposal that will conclude the 2012 Development Agreement and enable future development to progress.

Reasons for Recommendation

33. To set out a plan for completion of the International Sports Village development in Cardiff Bay including the new Velodrome facility.

Financial Implications

34. This report sets out and seeks Cabinet approval of a revised development strategy for the completion of the International Sports Village (ISV). Whilst approval is being sought at this stage for the wider development strategy, it is anticipated that further detailed proposals will be brought to Cabinet on some of the specific elements of the wider masterplan as set out in paragraph 20 in due course. More detailed financial implications will be provided as and when these detailed proposals are brought forward, with clear funding strategies identified to implement these proposals.
35. At present, there is no specific funding available within the budgetary framework for the redevelopment of the International Sports Village. Any proposals brought forward must therefore be on a self-financing basis utilising capital receipts and s106 contributions generated.
36. This report seeks approval in principal to relocate the Velodrome to International Sports Village, as well as delegated authority to progress a Final Business Case including a planning application to be presented back to a future meeting of Cabinet for final approval. The proposed cost plans for delivery of the Velodrome and wider development are set out in **Confidential Appendix 4**, with the majority of these costs supported by an independent development appraisal attached in **Confidential Appendix 3**. It is anticipated that the capital costs of relocating the Velodrome will be funded by Education as part of the delivery of the new Cathays High School, whilst the delivery of

the Performance Hub is expected to be funded on an Invest to Save basis by future revenues it will generate.

37. The operational business plan costs and revenues for the Velodrome are included within **Confidential Appendix 4**. These remain high level at this stage and will be further tested within a Final Business Case which will be brought back to Cabinet for a final decision in due course, along with final costs and funding solutions for approval.
38. The sensitivities regarding the delivery of the Velodrome by May 2023 are covered in the main body of the report, with the proposed timescales for delivery set out in **Confidential Appendix 2**. This delivery programme will need to be proactively managed, reviewed and closely monitored to minimise the risk of financial implications, as well as potential downtime for the velodrome or delays to the construction of the school.
39. The final recommendation within the report seeks delegated authority to prepare a business case and conduct a soft market testing exercise for potential operating partners of leisure components within International Sports Village ahead of returning to Cabinet for a final decision. Proposed costs for this are allocated and shown with **Confidential Appendix 4**, although at this stage no suitable funding source has been identified to cover these costs.
40. Careful consideration must be given to the VAT implications of these proposals due to the tax status of the International Sports Village sites. The Council opted to tax this land as part of the original International Sports Village development, with specific VAT advice provided at the time setting out a range of potential uses and categories of suitable partner organisations for these sites, as well as some restrictions in order to protect the Council's VAT partial exemption position. Restrictions on future operational arrangements of velodrome are likely to include the Council being unable to bring operation of the facility in-house at any point, instead granting an operating lease to a third party with VAT chargeable on the lease in order to protect Council's partial exemption position. Further detailed VAT advice will be required on specific proposals for the future operation of the Velodrome, as well as vacation of existing leases with GLL, which must be taken into account in a timely manner during the decision making process. Initial advice can found at Confidential Appendix 6.
41. This report proposes that the Council will bring forward a long-term car parking strategy in a phased approach subject to development/operational interest within the wider ISV Development. In the interim, the Council will need to retain a minimum of 800 spaces within the Sports Village for the use of the International Pool, Ice Arena, CIWW, Toys'R'Us and the new Velodrome. The Council intends to retain full control over the car parking arrangements, with the income generated being utilised to maintain the car parking, associated public space and to service debt.
42. The Council previously acquired the Toys R Us site in March 2018 to consolidate its land ownership in the area, with the cost of this acquisition funded initially from forthcoming capital receipts with the intention to recover these through disposals at a later date. Incorporated within this report are a range of proposals, including retaining the Toys R Us site and pursuing a land

exchange deal with Greenbank. The financial implications of this revised development proposal will include the non-recovery of the original capital receipt utilised to acquire the Toys R Us site in March 2018, therefore reducing the amount of capital receipts available to be used in other regeneration projects.

Legal Implications

43. This report proposes a masterplan for the future development of the International Sports Village and the provision of a new velodrome facility, which will require the Council to enter into contractual arrangements for works and services, as well as property transactions
44. With regard to the intended property transactions, the Council will need to comply with its rules and procedures for the acquisition of and disposal of land and seek advice where appropriate from its qualified valuer. With regard to the intended procurement of works and services, the Council is required to follow its internal Contract Standing Orders and Procurement Rules internal together with the relevant statutory procurement requirements. This ensure the terms of the transactions represent best value.
45. It is expected that further reports will prepared relating to the proposals arising from this report upon which detailed legal and financial consideration, including taxation, and any wider consideration such as Equality duties, will need to be provided in relation to these matters at the relevant time.
46. The Cabinet needs to take account of the Council's fiduciary duties to the local residents and taxpayers. As such, proper consideration needs to be given to the risks, rewards and potential future liabilities of the proposals which are the subject of this report.
47. The decision about these recommendations has to be made in the context of the Council's public sector equality duties. The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief. If the recommendations in the report are accepted and when any alternative options are considered, the Council will have to consider further the equalities implication and an Equality Impact Assessment may need to be completed.
48. The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal,

has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

49. In discharging its duties under the Act, the Council has set and published wellbeing objectives designed to maximise its contribution to achieving the national wellbeing goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2018-21:
<http://cmsprd.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Documents/Corporate%20Plan%202018-21.pdf>
50. The wellbeing duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
 - Look to the long term
 - Focus on prevention by understanding the root causes of problems.
Deliver an integrates approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
51. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
52. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.
53. The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to Council.

Property Implications

54. At this stage, as the Council is only committing to delivery of the Velodrome track facility and is not seeking authority to deliver any other aspect of the masterplan, there are no specific property implications in respect of this report. The Strategic Estates team will liaise where necessary with Major Projects, Finance and other relevant departments on any property related elements are required to deliver any proposals. Where there are Valuation, Estate Management or Transactional elements necessary to deliver the Velodrome and wider International Sports Village proposals, these should be done so in

accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

RECOMMENDATION

Cabinet is recommended to:

- (i) Approve the new masterplan to complete the leisure attraction at the International Sports Village attached at Appendix 5.
- (ii) Approve in principle the plans for the new Velodrome at the International Sports Village and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to prepare a detailed business case including the appointment of professional advisors, procurement of a contractor and the development of a planning application to be presented back to a future meeting of Cabinet for final approval before entering contracts.
- (iii) Delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to prepare a detailed business case for completing the leisure attraction at the International Sports Village as set out in the masterplan at Appendix 5 and the development appraisal at Confidential Appendix 4, including undertaking a soft-market testing exercise relating to the future operation of the site, and to return to a future meeting of Cabinet for final approval.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	Date

The following appendices are attached:

Appendix 1 - Site Plan
Confidential Appendix 2 - Velodrome Programme
Confidential Appendix 3 - ISV Stage 1-2 Feasibility Study
Confidential Appendix 4 - Financial Summary
Confidential Appendix 5 - ISV Master-plan
Confidential Appendix 6 – Tax Advice (March 21)

Mae'r dudalen hon yn wag yn fwriadol

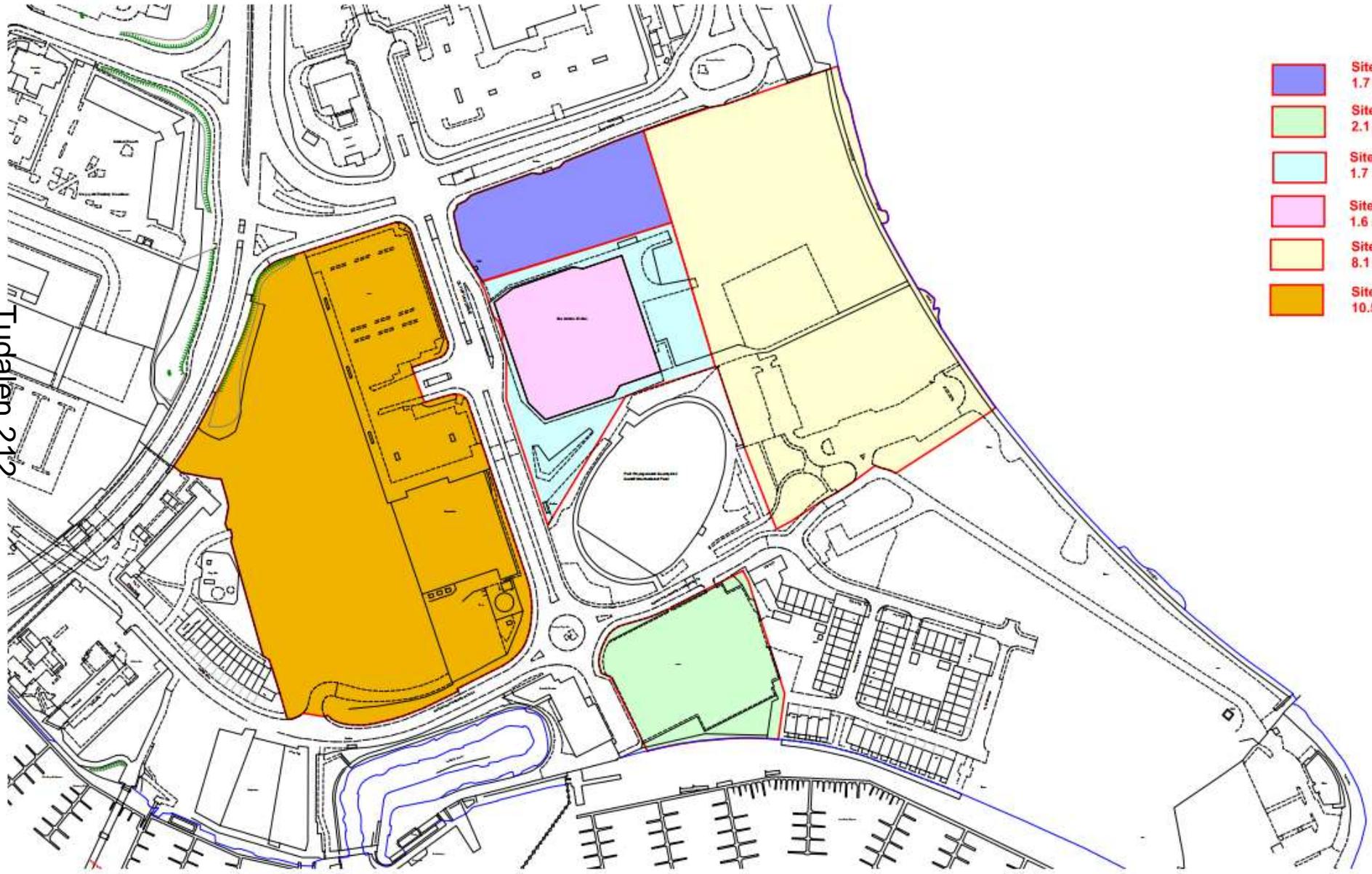
APPENDIX 1

International Sports Village Site Plans



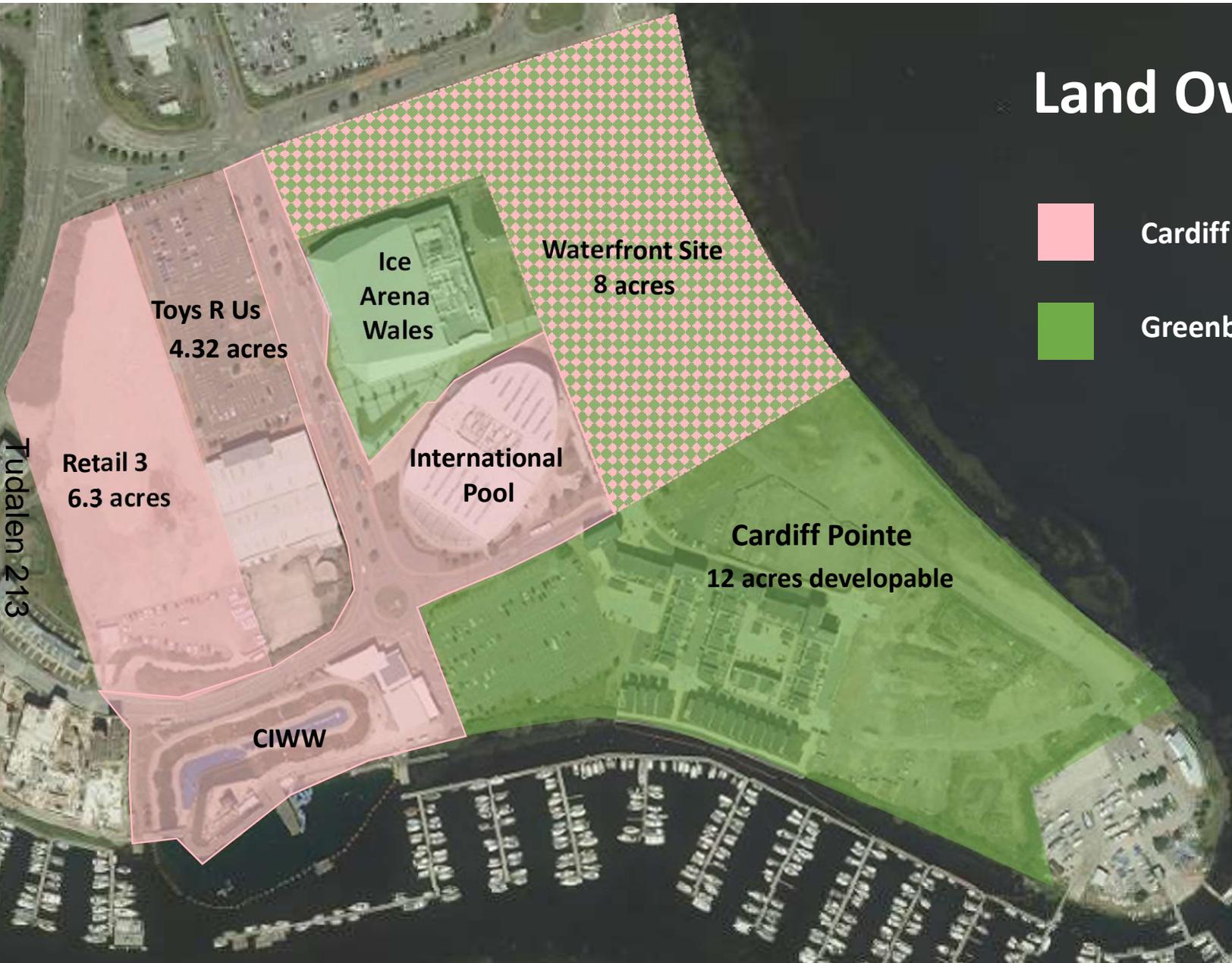
Tudalen 211

Tuddalen 212



Land Ownership

- Cardiff Council
- Greenbank



Existing Development

Ice Arena Wales

International Pool

Toys R Us

Housing Development

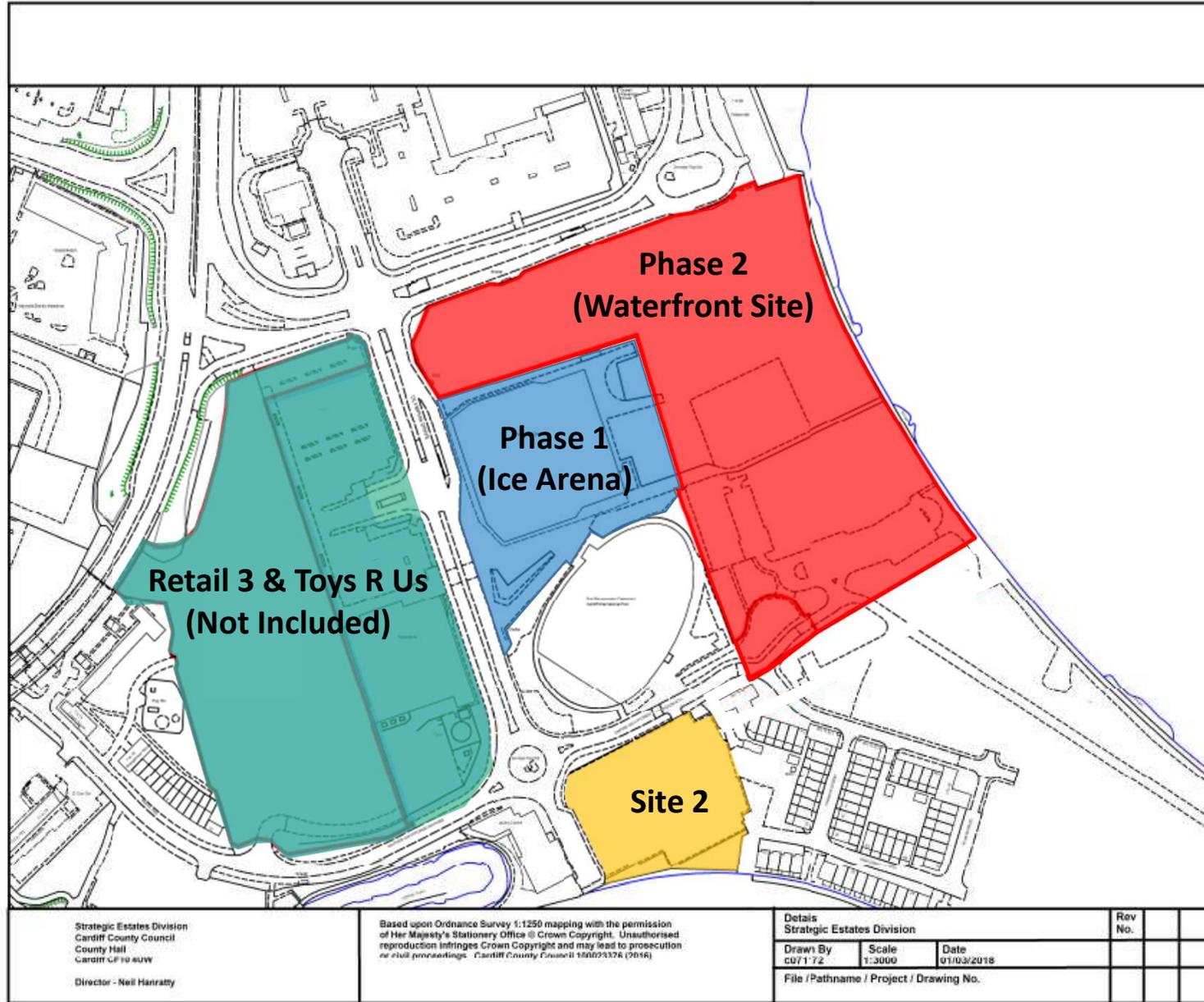
Cardiff International White Water

Tudalen 214



Development Agreement

Tudalen 215



Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 15, 16 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

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