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PRESENTATIONS

Committee ECONOMY & CULTURE SCRUTINY COMMITTEE

**Date and Time
of Meeting** THURSDAY, 11 MARCH 2021, 4.30 PM

Please see attached the Presentation(s) provided at the Committee Meeting

9 **Presentations** (*Pages 3 - 50*)

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Economy & Culture Scrutiny Committee Briefing

Leisure Services Contract Report

11th March 2021



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Purpose of Cabinet Report



- To seek authority to vary the Leisure Services contract with Greenwich Leisure Ltd (GLL) to improve the long term sustainability of the contract

Key Variations:

- Remove the Velodrome from the contract to facilitate the development of new Velodrome facility at the ISV
 - Remove Pentwyn Leisure Centre from the contract
 - To secure investment and a new operational approach for Pentwyn Leisure Centre
- To update Cabinet on the Audit Wales Review of Leisure Services (October 2020)



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Background



- In 2016 Cardiff Council entered into a long term (15 years) contract with Greenwich Leisure Ltd to manage and operate 8 of the Council's leisure centre assets
- The contract enabled the Council to eliminate its previous annual subsidy of its leisure centres amounting to circa £3.5m
- The initial three years of the contract were projected to operate at a deficit, with GLL cross-subsidising through surpluses from other contracts across the UK.



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Key Issues



- The reduction of the operating deficit was behind schedule before COVID-19
- Due to COVID-19 GLL is no longer able to sustain the operating deficit. Pressure right across their UK contracts has eliminated their ability to 'cross-subsidise' the Cardiff deficit
- GLL has benefitted from financial support via the Welsh Government Hardship Fund and the Job Retention Scheme, but still finished the 2020 financial year in deficit.
- GLL anticipate a slow return to the pre-COVID income levels



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GLL - Trading Position 2017 - 2021



Trading Year	Operating Deficit
2017	
2018	
2019	CONFIDENTIAL <i>Slide provided at the end of the presentation</i>
2020	
2021 (Forecast)	



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Trading Analysis – By Centre 2019

Centre	Operating Deficit
Maindy	
Llanishen	
Penylan	
Eastern	CONFIDENTIAL
Star	<i>Slide provided at the end</i>
Western	<i>of the presentation</i>
Fairwater	
Pentwyn	
<i>Management Fee from Cardiff Council</i>	
Total	

General Service Specification Variations



- Proposal to being forward a number of 'in-contract' variations aimed at the smarter deployment of resources, increasing efficiencies, the removal of waste, together with activity reprogramming to meet future service needs:
 - *Removal of receptionists to be replaced by a concierge type service*
 - *Cashless automated payments only*
 - *Turnstile entry*
 - *Alternative opening hours to reflect the needs of the community that each centre serves*



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Key Audit Wales Recommendations



- Undertake a systematic review of the GLL contract service specification
- Ensure that the Council effectively considers the long-term financial and well-being risks of the leisure contract in its corporate risk management processes
- Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure



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Pentwyn Leisure Centre Proposal

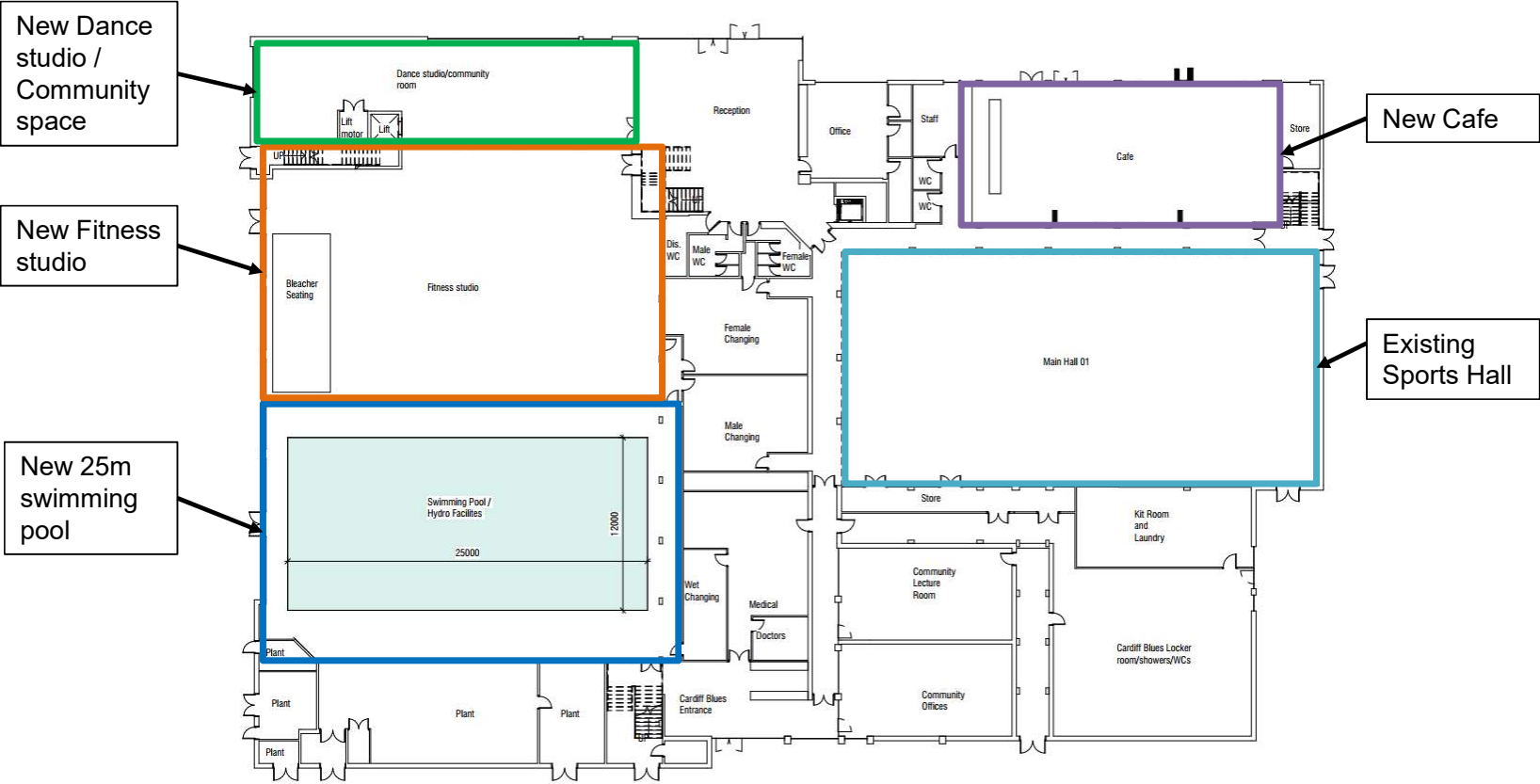
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Masterplan



Internal Ground Floor Proposals



Indicative Investment Costs

Headline items

- Internal building refurbishment
- Reconfiguration of existing floor plan
- 25m swimming pool
- Community rooms and hire spaces
- Café and outdoor seating area
- New 2-side spectator seating
- New artificial playing surface
- New full size 3g pitch

Estimates subject to further investigation

- Building Works =
- 3G Pitch works =

Total estimate (inc contingency) =

CONFIDENTIAL
*Slide provided at the end
of the presentation*



Proposed Heads of Terms with Cardiff Blues



Key Terms

- Full Repairing and Insuring lease
- Requirement to manage swimming pool
- Requirement to provide community space as agreed with Council
- Requirement to provide community accessible Café
- Responsible for all repairs internal and external
- Responsible for all running and operating costs (utilities, rates, staff, equipment)
- Cardiff Blues to have exclusive use of first floor
- Community (and Pentwyn Dynamos) use of all 3G / artificial surface pitches
- Community use of car park at all times
- Term = **CONFIDENTIAL**
- Rent = *Slide provided at the end of the presentation*

Maindy Leisure Centre



- Small operating deficit pre-COVID
- Removal of Velodrome will increase operating deficit by circa £90k
- ISV Report (on this agenda) outlines the proposal for the new Velodrome facility



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Legal & Finance Imps



Pentwyn

- Implications of removing Pentwyn from the Contract
- VAT Implications of operational model
- Leasing the building to Cardiff Blues
- TUPE considerations re current GLL staff

Maindy

- Implications of removing the Velodrome facility from the Contract
- VAT Implications of operational model



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Recommendations



1) Note the Audit Wales recommendations and the Council's response

1) Agree in principle to the proposals and delegate authority to:

- a) Vary the contract, subject to due diligence
- b) Enter a lease with Cardiff Blues, subject to the financial envelope, due diligence & independent valuation
- c) Deal with all aspects of procurement and delivery of the improvement works



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Appendices



Confidential Appendix 1: GLL Contract Financial Analysis

Confidential Appendix 2: Current GLL Contract Financial Statement

Appendix 3: Audit Wales Report

Appendix 4: Extract from External Audit Tracker

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 Costs

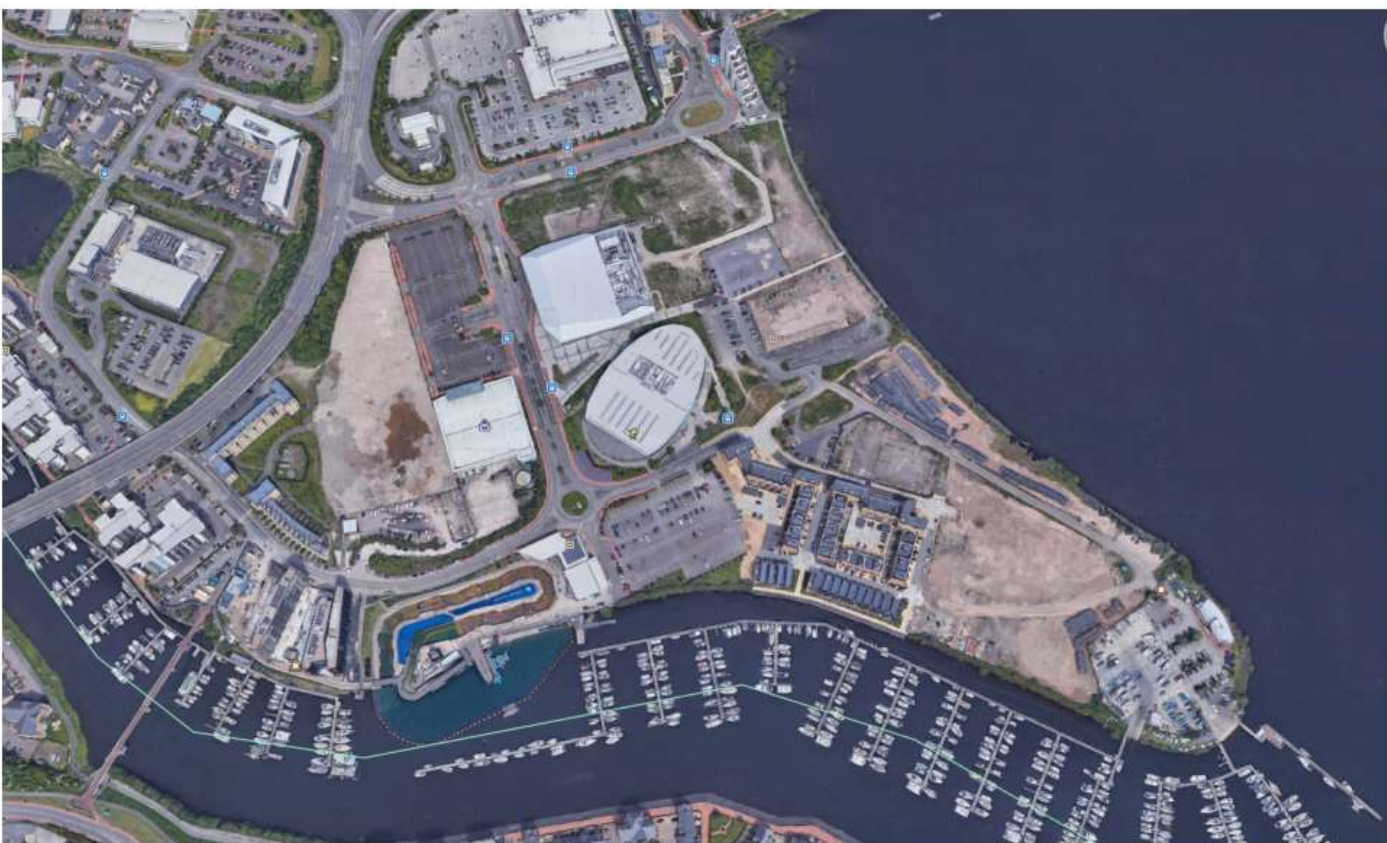
Confidential Appendix 9: Pentwyn Leisure Centre - Financial Envelope

Confidential Appendix 10: VAT Advice



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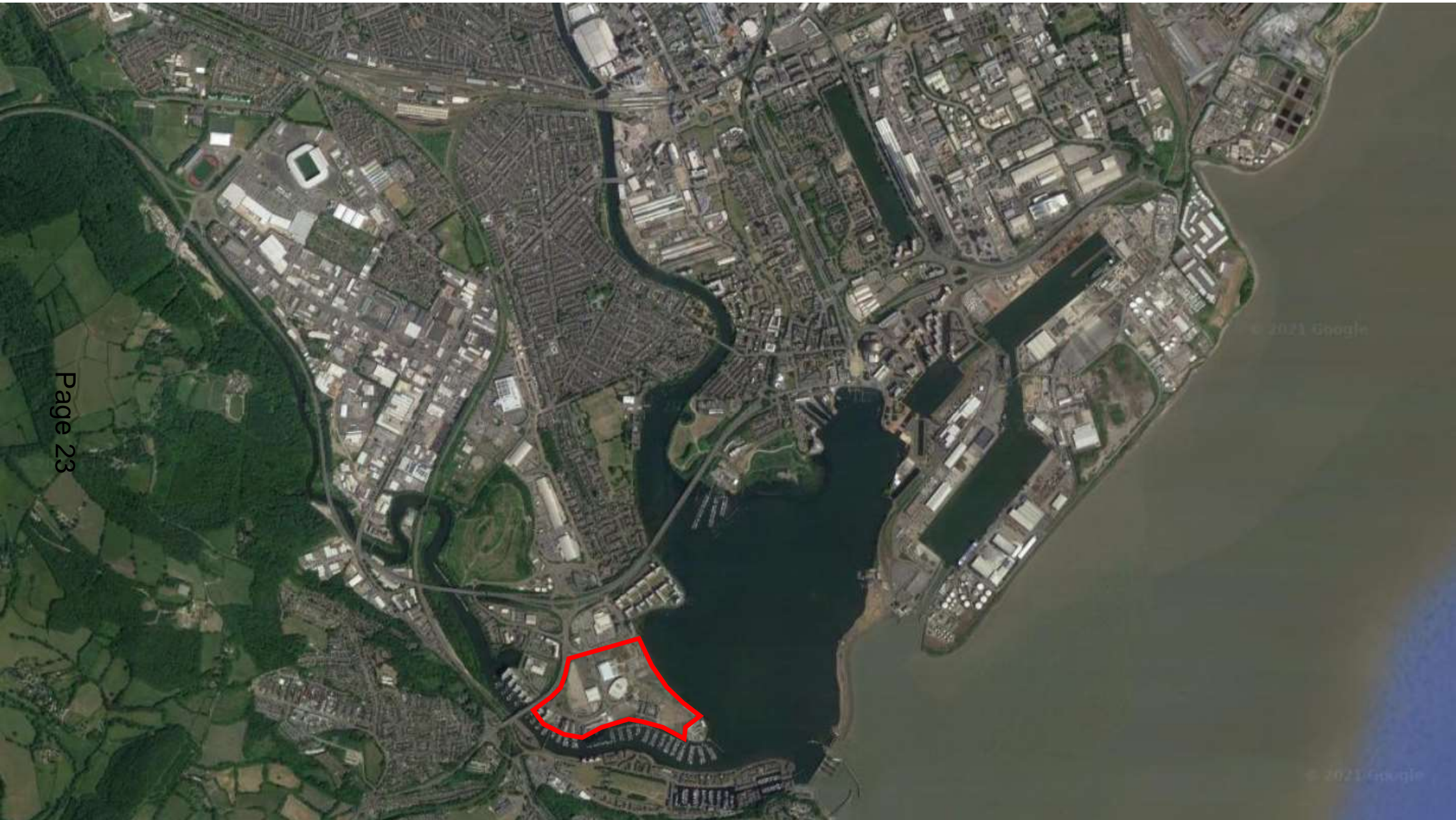


International Sports Village
Cardiff Bay

Cabinet Report – March 2021

Purpose

- Set out new masterplan
- Set out plans for the Velodrome
- Outline the strategy for delivery of the masterplan
- Update on land arrangements with Greenbank



ISV Housing Development

Indicative Residential Numbers

Existing - c2,680

Planned - c1,575

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Site Plan

Land Ownership



Cardiff Council



Greenbank

Waterfront Site
8 acres

Ice
Arena
Wales

Toys R Us
4.32 acres

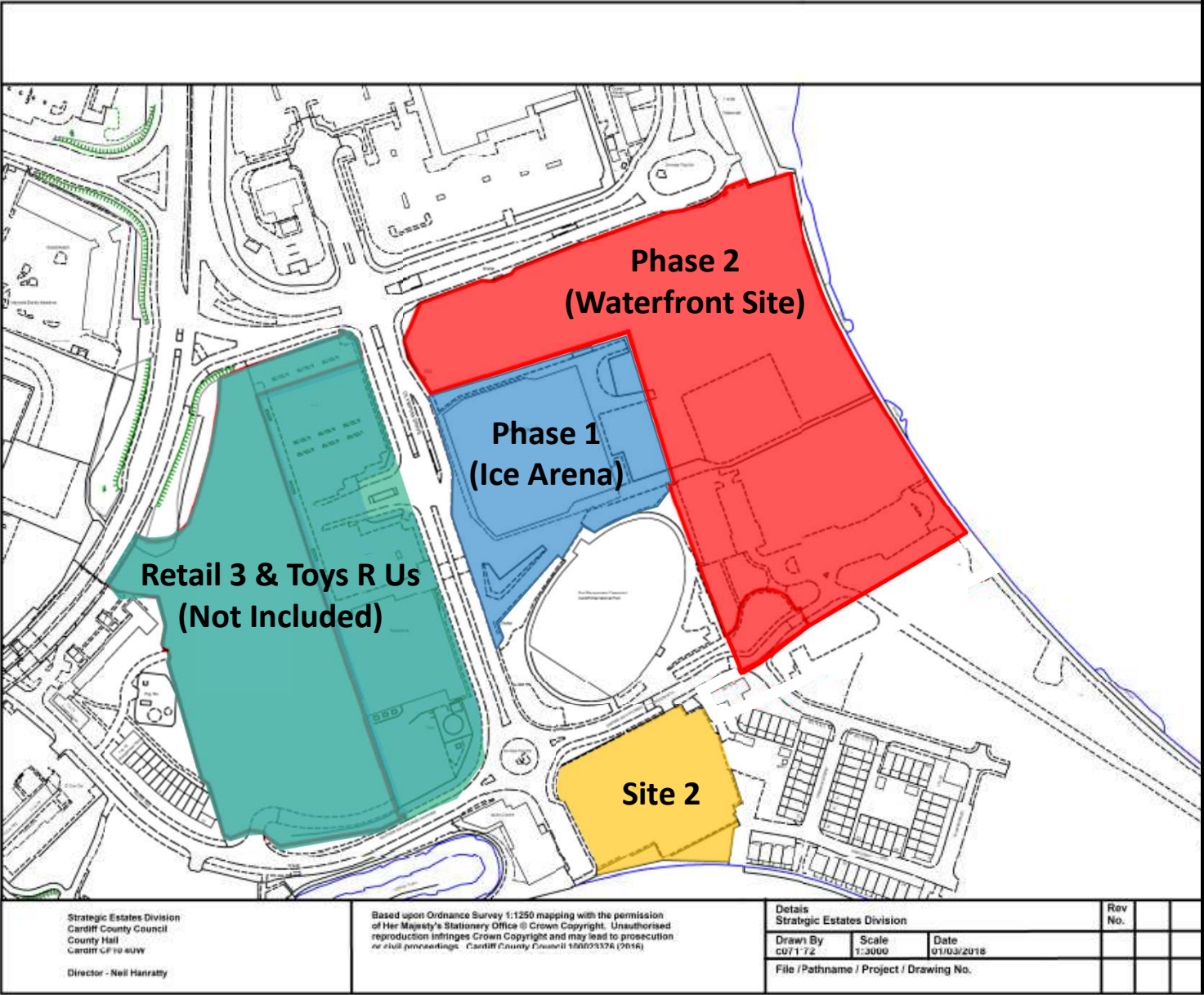
Retail 3
6.3 acres

International
Pool

Cardiff Pointe
12 acres developable

CIWW

Development Agreement























Masterplan



Zip Wire Tower

Box Park Retail

Velodrome

Clubhouse
and Stand

BMX/MX

Toys R Us refurb

Decked car park

Potential for
extension of CIWW

Car park

Extension of Ice Rink

Public Realm

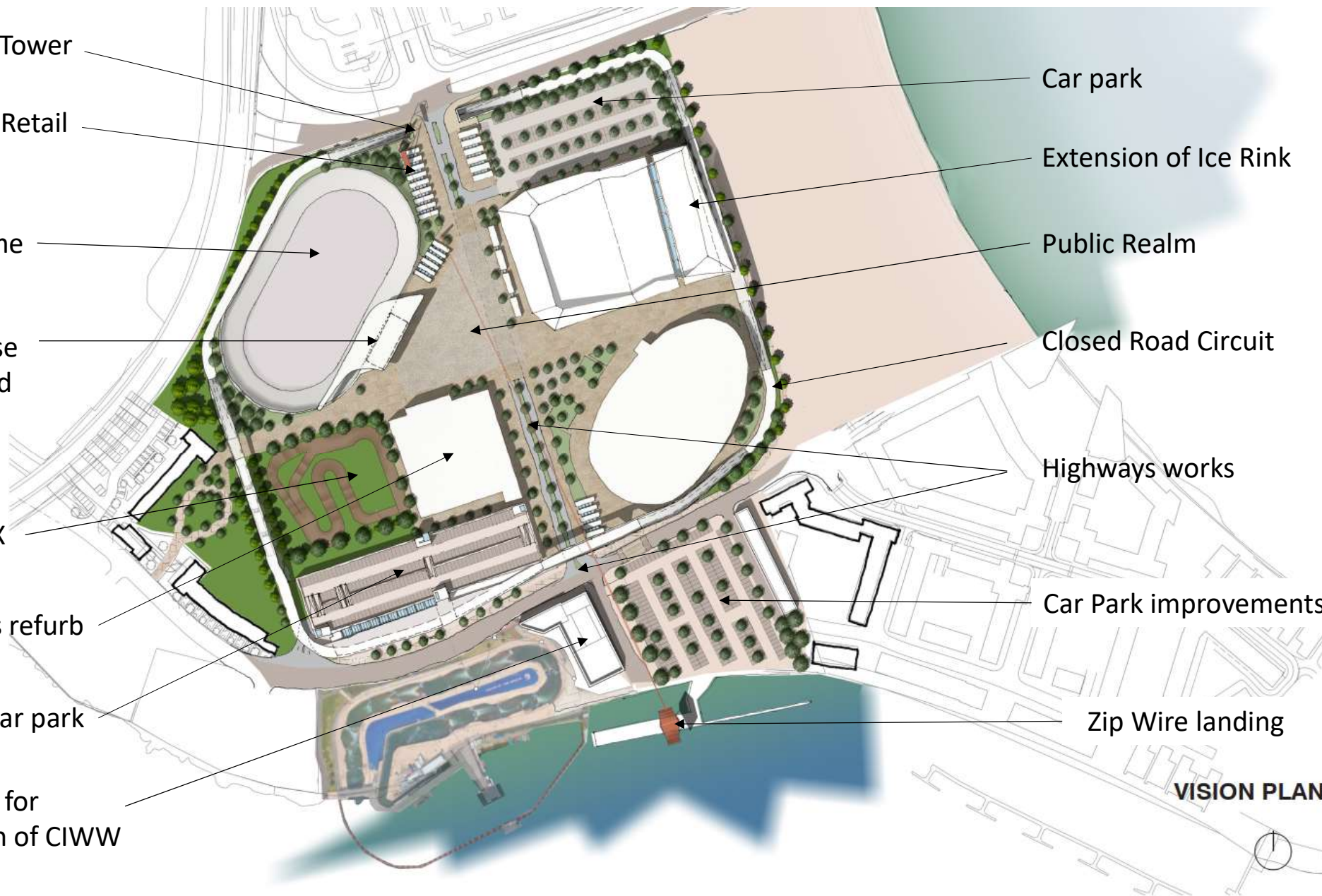
Closed Road Circuit

Highways works

Car Park improvements

Zip Wire landing

VISION PLAN

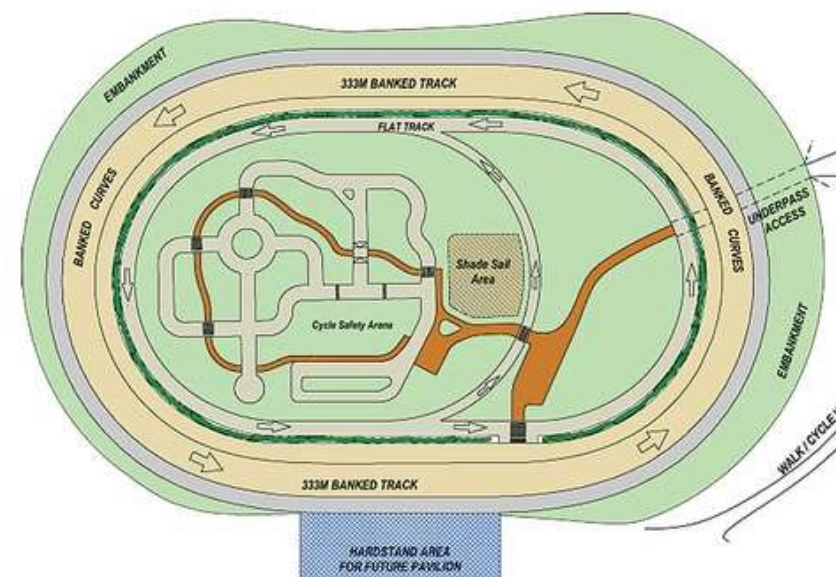




Velodrome

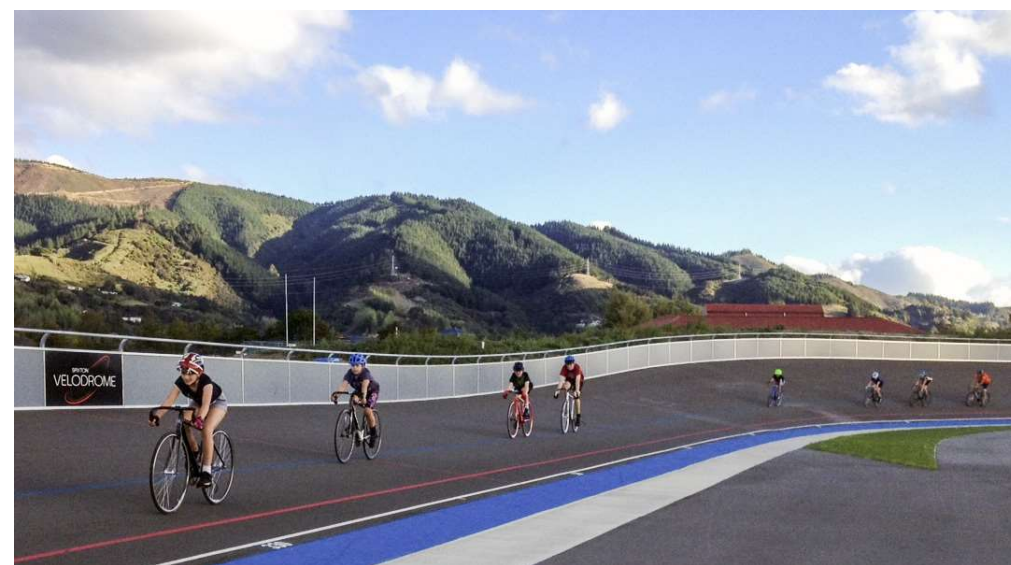
Development Overview

Velodrome (Track)	£2.4m
Clubhouse & Facilities	£1.6m
TOTAL	£4.0m



Funding Strategy

Financial Contribution (Education)	£2.4m
Clubhouse & Facilities (Revenue)	£0.23m
Debt Service (£1.6m)	£0.09m
Surplus (Revenue/Life-cycle Costs)	£0.14m



Example Track 330m - Saxton, New Zealand



Example Track 330m – Herne Hill, UK



Closed Road Cycling Circuit

- 1km long safe and dedicated space
- c6m wide
- Separated from pedestrian and vehicular traffic
- Free to use for the public at specified times

Events



Training



Leisure







Recommendations

- Approve the new masterplan
- Approve in principle the plan for the new Velodrome
- Delegate authority to prepare a detailed business plan for the new Velodrome – return to Cabinet
- Delegate authority to develop a business plan including testing the market on an operational approach for delivery of the masterplan – return to Cabinet

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