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CYFLWYNIADA

Pwyllgor PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

**Dyddiad ac amser
y cyfarfod** DYDD LLUN, 17 HYDREF 2022, 5.00 PM

Os gwelwch yn dda gweler ynghlwm y Cyflwyniad(au) a ddarperir yn y Cyfarfod Pwyllgor

11 **Cyflwyniadau – Eitem 5(Tudalennau 3 - 14)**

Mae'r dudalen hon yn wag yn fwriadol



Review of the Leisure Services Contract (GLL)

Reason for the Report

- To seek authority to make a relief payment to GLL to mitigate the current increase in energy costs.
- To update on the review of the GLL Leisure Services contract and to agree the Council's preferred interventions to improve the sustainability of the contract
- To provide an update on the Pentwyn Leisure Centre proposal.

Issues

- The Council's requirement to keep all of its leisure centres open and to maintain the full range of services in each leisure centre remains a priority for the Council and a significant challenge for GLL.
- The main financial pressures have always related to the operation of swimming pools, and in particular, leisure pools which are in effect heavily subsidised.
- Whilst the post-pandemic recovery has been encouraging, the centres are yet to fully recover and are operating on average at around 90% of previous income levels.
- The removal of hardship support means that the leisure services contract continues to operate at significant deficit.

Issues

- The recent energy crisis has accentuated the problem and has increased the anticipated operating deficit for the current financial year
- This position is no longer tenable for GLL and requires a significant intervention to maintain current levels of service delivery.
- Variations to the contract are constrained by procurement law.
- Plans to modernise Pentwyn Leisure Centre have been delayed due to the cost pressures being felt right across the construction sector.

Local Partnerships Review

- The Local Partnerships review presents a range of potential options available to the Council to improve the commercial viability of the contract. They are not the Council's proposals.
- The proposals range from drastic measures such as the closure of the poorest performing centres, individual pool closures and price increases etc, to more moderate reductions of service.
- The key proposal made by Local Partnerships that the Council is minded to adopt is to comprehensively improve the energy infrastructure at each centre.
- This has the potential to eliminate the current operating deficit and to mitigate the current energy price increase.

Local Partnerships Review – Energy Proposals

- A review of each centre will be required to fully understand the current infrastructure
- A new infrastructure plan will be developed for each centre.
- The proposal is to replace existing carbon based infrastructure with renewable sources such as PV, wind and ground/air source heat pumps.
- The conversion to renewables will deliver much cheaper energy, but the full potential impact on the operating deficit will need to be modelled.
- There will however be significant upfront costs – the intention is to identify government sources of capital funding.
- A Full Business Case will be brought back to a future Cabinet meeting.

Pentwyn Leisure Centre

- Cost of works has increased - currently being reviewed back to within the approved budget of £5.5m.
- It is now proposed that GLL will continue to operate the community facilities and Cardiff Rugby will pay rent for the areas they use.
- This approach will provide more scope for variation of the contract, i.e. to deliver the energy infrastructure proposals
- The investment makes the centre more viable for GLL.
- A new business plan is being prepared to be presented back to Cabinet later in the year
- This current report includes the latest floor plans and a programme for delivery.

Pentwyn Leisure Centre

Tudalen 10

- Proposal to be pared-back to meet the approved budget
- All proposed internal alterations to be retained



The Council's Proposed Contract Variations

- Council to provide a relief payment to mitigate the current energy costs.
- Council to explore GLL participation in the Crown Commercial Services energy agreement to enable GLL to acquire energy at cheaper Council rates.
- Undertake a review of all centres to fully understand existing energy infrastructure and to plan a full conversion to renewable energy infrastructure.
- Pentwyn Leisure Centre to be retained within the contract and operated by GLL with part of the centre let directly to Cardiff Rugby.
- Work with Cardiff University to maintain and grow students participation levels at Maindy Leisure Centre.

Counsel Advice

- Procurement and contract law constrain the extent to which the contract with GLL can be varied.
- The original proposal to remove Pentwyn Leisure Centre from the contract left little room for further variation – hence it is now proposed to be retained within the contract
- The Council's proposals have been considered by Counsel and are regarded as permissible.
- Counsel advice will be attached as a Confidential Appendix.

Decisions

- Note the Local Partnership review.
- Approve a capped relief payment to GLL
- Agree to the proposal to seek to connect GLL in to the Crown Commercial Service rates either directly or indirectly.
- Approve in principle the proposal to upgrade the energy infrastructure at each leisure centre subject to a full business case.
- Agree in principle to the proposal for Pentwyn Leisure Centre subject to a full business case.

Appendices

- **Confidential** Appendix 1: Local Partnership Review
- **Confidential** Appendix 2: Proposed Relief Payment
- Appendix 3: Pentwyn Leisure Centre floor plans
- Appendix 4: Pentwyn Leisure Centre delivery programme
- **Confidential** Appendix 5: Counsel Advice