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AGENDA

Pwyllgor PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

Dyddiad ac amser y cyfarfod DYDD IAU, 5 TACHWEDD 2020, 4.30 PM

Lleoliad CYFARFOD O BELL

Aelodaeth Cynghorydd Howells (Cadeirydd)
Y Cynghorwyr Henshaw, Gordon, Gavin Hill-John, Lay, Parkhill,
Robson, Sattar a/ac Stubbs

Tua
Amser.

1 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

2 Datgan Buddiannau

I'w gwneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

3 Cofnodion – i ddilyn

Cymeradwyo cofnodion y cyfarfod blaenorol fel rhai cywir.

4 Hamdden a Chwaraeon Ieuenctid (*Tudalennau 5 - 42*)

4.30 pm

Archwilio effaith Covid-19 a'r broses adfer o hyn.

5 Contract Gwasanaethau Hamdden - GLL (*Tudalennau 43 - 60*)

5.30 pm

Gwneud gwaith craffu cyn penderfynu ar adroddiad i'r Cabinet.

Nid yw Atodiad 1 yr adroddiad hwn i'w gyhoeddi gan ei fod yn cynnwys gwybodaeth eithriedig o'r disgrifiad a geir ym mharagraffau 14 o ran 4 a pharagraffau 21 o ran 5 o Atodlen 12A o Ddeddf Llywodraeth Leol 1972.

Pig Cysur - 5 munud

- 6** **Bargen Ddinesig Prifddinas-Ranbarth Caerdydd – Pwyllgor Trosolwg a Chraffu ar y Cyd** (*Tudalennau 61 - 64*) 5.55 pm

Cael y wybodaeth ddiweddaraf am y PTChC

- 7** **Gohebiaeth** (*Tudalennau 65 - 68*) 6.00 pm

Cael y wybodaeth ddiweddaraf am yr ohebiaeth i'r Pwyllgor a chan y pwyllgor

- 8** **Eitemau Brys (os oes rhai)**

- 9** **Y Ffordd Ymlaen**

- 10** **Dyddiad y cyfarfod nesaf - i'w gadarnhau**

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiad: Dydd Gwener, 30 Hydref 2020

Cyswllt: Andrea Redmond, 02920 872434, a.redmond@caerdydd.gov.uk

GWE-DARLLEDU

Caiff y cyfarfod hwn ei ffilmio i'w ddarlledu'n fyw a/neu yn olynol trwy wefan y Cyngor. Caiff yr holl gyfarfod ei ffilmio, heblaw am eitemau eithriedig neu gyfrinachol, a bydd y ffilm ar gael ar y wefan am 12 mis. Cedwir copi o'r recordiad yn unol â pholisi cadw data'r Cyngor.

Gall aelodau'r cyhoedd hefyd ffilmio neu recordio'r cyfarfod hwn

Ar ddechrau'r cyfarfod, bydd y Cadeirydd yn cadarnhau a gaiff y cyfarfod cyfan neu ran ohono ei ffilmio. Fel rheol, ni chaiff ardaloedd y cyhoedd eu ffilmio. Fodd bynnag, wrth fynd i'r ystafell gyfarfod a defnyddio'r ardal gyhoeddus, mae aelodau'r cyhoedd yn cydsynio i gael eu ffilmio ac y defnyddir y lluniau a recordiadau sain hynny o bosibl at ddibenion gwe-ddarlledu a/neu hyfforddi.

Os oes gennych gwestiynau ynghylch gwe-ddarlledu cyfarfodydd, cysylltwch â'r Gwasanaethau Pwyllgorau ac Aelodau ar 02920 872020 neu e-bost [Gwasanethau Democraidd](#)

Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

ECONOMY & CULTURE SCRUTINY COMMITTEE

5 NOVEMBER 2020

**LEISURE AND YOUTH SPORTS: RECOVERING FROM THE IMPACT OF
CORONAVIRUS PANDEMIC**

Purpose of report

1. To provide Members with background information to inform their scrutiny of the impact of the coronavirus pandemic on leisure and youth sports in Cardiff and the recovery process from this.

Scope of Scrutiny

2. Following suggestions from Councillor Bradbury, Cabinet Member – Culture & Leisure, received as part of this year’s work programming, Members decided to undertake a two-fold scrutiny on the impact of the coronavirus pandemic, as follows:
 - a. To examine the impact on the leisure sector and how local authorities are responding to this
 - b. To explore the impact on Youth Sports and the proposed recovery process, including recommencement of Cardiff Sport activities.

Structure of Scrutiny

3. To inform the scrutiny, Sport Wales has provided information on Sports Partnerships, attached as **Appendix A**, and the following witnesses have been invited to participate in a panel discussion with Members:
 - Laura Williams – Head of Cardiff Sport
 - Ben O’Connell – Director of Sport, Cardiff Metropolitan University
 - Rhys Jones – Head of Services, Cardiff - GLL
 - Councillor Peter Bradbury – Cabinet Member, Culture & Leisure
 - Steve Morris – Operational Manager, Sport, Leisure & Development.

Background

4. Leisure is an important element of a balanced and healthy lifestyle, improving physical and mental health and wellbeing, encouraging social connectedness and personal growth and increasing learning opportunities. It is also an important part of the Welsh economy: since 2010 there has been a 10% increase in sport related GVA, a 14% increase in Welsh sport related employment and a 14% increase in consumer expenditure on sport¹.
5. In Wales, 11 out of the 22 local authorities have leisure trusts that run leisure services on their behalf. The WLGA highlight that, whilst leisure is a discretionary service, leisure providers contribute to the delivery of the statutory responsibilities for local authorities within the Wellbeing of Future Generations Act 2015.²
6. In 2014, the Council signed a Joint Venture (JV) agreement with Cardiff Metropolitan University to deliver sports services in the city, with Sport Cardiff staff transferring from Cardiff Council to Cardiff Metropolitan University. The JV sets out the vision, priority objectives and underpinning key considerations for sports in Cardiff³. The JV requires Sport Cardiff to prepare a Local Sports Plan, setting out the delivery mechanisms to achieve the agreed vision and priority objectives. The Local Sports Plan is used to support funding applications to Sport Wales, the main funding body for sports in Wales. The Welsh Government sets out the priorities and targets that Sport Wales need to focus on, which includes maximising its contribution to achieving the goals of the Wellbeing of Future Generations Act 2015. As part of this, Sport Wales is moving towards a regionalisation of community sports, as outlined to this Committee in June 2019 and further detailed in **Appendix A**.

¹ <https://www.sport.wales/media-centre/latest-news/2019-11-20-report-principality-stadium-helps-sport-makehuge-economic-impact-on-wales/> cited in WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

² WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

³ The priority objectives are Sport for Children, Strong and Vibrant Clubs, Coaching, Volunteering and Workforce, Competitions and Every Child a Swimmer and the key considerations are BAME people, Women & Girls, Disability Sport and Inclusive Opportunities and Disadvantaged areas

7. In December 2016, Cardiff Council and GLL (Greenwich Leisure Ltd) commenced a 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. The contract requires GLL to work with stakeholders to raise awareness of physical activity and promote health and well-being, encourage increased participation and reduce health inequalities. It sets out that GLL will work in partnership with a range of stakeholders including health, schools, colleges and universities. GLL are also required to collaborate with community groups and ensure access and participation for all members of the community.

Leisure - Impact of Covid-19 Pandemic

8. Leisure has been among the parts of the economy worst hit by Covid-19. The UK went into lockdown on 23 March 2020 with gyms and leisure centres required to close their doors to the public on 20 March 2020. In late July, the Welsh Government advised that recommencement was permitted, with reduced numbers due to social distancing and enhanced cleaning; GLL re-opened six out of their eight leisure centres in August 2020. Lockdown restrictions constrained other forms of exercise, such as team and contact sports, from taking place and individual governing bodies made decisions on restart dates, appropriate to their sports.

9. In terms of leisure providers, the lockdown created an immediate loss of income whilst costs were still ongoing, affecting the long-term financial sustainability of many providers that do not hold significant reserves⁴. The WLGA also outlines the following features that make many leisure providers particularly vulnerable to a loss of income⁵:

- Contractual requirement to invest surpluses back into facilities, services and community benefits, leading to low margins, typically 1%-5%
- Management fees are a balance figure between income and expenditure. Therefore, with no income, a significant financial gap exists

⁴ For trusts that are registered charities, it is a requirement of the Charity Commission that reserves are low, in line with their Reserves policy

⁵ WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

- Ongoing costs associated with non-furloughed staff, pension contributions, loans, repayments and utility & standing charges
- Operators cannot access cash from equity issues or similar.

10. Many leisure providers have been unable to access most of the initial support packages put forward by Government. In June 2020, Community Leisure UK⁶ reported that only six of their 100 members had been successful in securing a Coronavirus Business Interruption Loan Scheme. The WLGA sets out the following reasons why leisure providers have not been able to access Government funding, apart from the Job Retention Scheme⁷:

- Unable to secure loan finance, such as Business Interruption Loan or commercial loan, due to viability assessment looking at profits, rather than surpluses invested for community benefit
- Many have a rateable value above £51,000 and so are not eligible to receive retail, hospitality and leisure grants
- Not eligible for Third Sector Resilience Fund or the Voluntary Services Emergency Fund as they are not deemed 'small' nor 'delivering frontline services'
- Not eligible for Welsh Economic Resilience Fund as the method to provide 60%+ loss of income is not designed to respond to the financial model of trusts.

11. In July 2020, UKActive⁸ warned that without more government support over half of leisure centres could close before the end of the year. In Wales, research by Community Leisure UK⁹ found 44% of trusts in Wales would be "*non-viable or insecure*" by the end of this financial year with "*15 facilities across leisure and culture .. at risk of permanent closure*". The reopening of leisure has not ameliorated the situation, with losses being sustained because of fewer customers due to social distancing. In addition, there are additional costs such as staff re-training and enhanced cleaning.

⁶ Membership body for charitable trusts delivering public leisure and culture services

⁷ As footnote 5

⁸ Trade body representing many leisure providers

⁹ Community Leisure UK Covid-19 Impact Report August 2020

12. In August 2020, Community Leisure UK reported¹⁰ that, in Wales, 89.5 FTEs have already been made redundant or planned for redundancy (7% of FTE workforce), with 429 FTEs at risk. There were 233 casual and contracted jobs planned for redundancy, with an additional 1,049 casual and contracted jobs also at risk. The age categories 18-24 and 25-34 year olds are most affected, exacerbating the rising unemployment figures for younger people. Their report goes on to state: *‘It is anticipated that these numbers will rise sharply as reopening progresses, due to higher operating costs, and the impacts of physical distancing and customer confidence decimating income levels. Both the leisure and culture sectors have a high dependency on casual workers and the loss of these individuals will impact on the recovery going forward, as well as a significant loss of skills and knowledge, which may never return.’*
13. GLL furloughed most of its workers, committing to topping up the remaining 20% of their wages. In July 2020, GLL offered all permanent members of staff the chance to take an ‘unpaid career break’ until the end of April 2020¹¹ as an initiative to minimise redundancies. Many staff employed by GLL are casual workers and therefore not eligible for this initiative¹¹.
14. In addition, the Senedd Culture, Welsh Language and Communications Committee¹² heard evidence that some self-employed people, such as coaches, fitness instructors and group exercise instructors, have found the UK Government schemes difficult to access, due to various reasons. These include: not having 12 months financial records as they started within that time frame; being employed part-time; being seasonal workers and therefore being disadvantaged by a scheme that averages earnings over 12 months; and operating as a microbusiness and therefore disqualified from the Self Employment Scheme.
15. In terms of sport participation, a survey carried out for Sport Wales and reported to the Senedd Culture, Welsh Language and Communications Committee¹³ found that previous inequalities have intensified during lockdown. In terms of activity

¹⁰ Community Leisure UK Covid-19 Impact Report August 2020

¹¹ <https://853.london/2020/08/05/greenwich-leisure-providers-six-month-unpaid-career-break-offer-criticised-by-union/> downloaded 16 October 2020

¹² Culture, Welsh Language and Communications Committee – Impact of the Covid-19 outbreak on Sport June 2020

¹³ <https://seneddresearch.blog/2020/07/08/coronavirus-sport/> downloaded 16 October 2020

levels for adults, there has been a 7% increase for ABC1 socio-economic groups, and a 4% decrease in other groups. This is mirrored in children, with 9% of adults overall reporting that their children are doing no physical activity or exercise on a typical day, rising to 14% for those from lower socio-economic backgrounds.

16. Research by the Youth Sport Trust¹⁴ found the following consequences for children and young people as a result of Covid-19 pandemic restrictions:

- Amount and type of physical activity undertaken has been disrupted – there has been a drop from 47% to 19% of children taking part in 60 minutes of exercise a day
- Demographic groups have differing rates of impact – overall, affluent groups are exercising more but more girls and more children from BAME groups have started exercising during lockdown
- At least one third have experienced an increase in mental health issues, including stress, loneliness and worry
- Increasing pressure on families has the potential to turn relatively stable but difficult pre-existing living situations into higher-risk ones, with consequent impacts on children.

Leisure – local authority responses

17. Whilst leisure services are discretionary, they contribute significantly to enabling local authorities to meet their statutory obligations; in Wales, these stem from the Wellbeing of Future Generations Act 2015. The WLGA¹⁵ highlights that local authorities face significant costs whether they support leisure providers or decide to bring services back in-house. Some local authorities have taken action to support leisure providers, as follows:

- Paying management fees early
- Deferring rent payments
- Providing interest-free loans
- Waiving monthly payments

¹⁴ Youth Sport Trust – The Impact Of Covid-19 Restrictions On Children And Young People July 2020

¹⁵ WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

- Topping up Job Retention Scheme (furlough) payments
- Contributing to ongoing costs of leisure centres.

18. Further details on action taken by some local authorities to support GLL leisure providers is shown in **Appendix C**, including actions by some Core Cities. This shows that other local authorities have worked in partnership with GLL to develop responses appropriate to their local circumstances, including loans, rent deferral, early payment of management fees, topping up wages for staff on furlough and varying contracts. In Wales, local authorities can submit claims to the Welsh Government for assistance from their Hardship Fund to offset some of the costs incurred. If these fall within its remit.

19. In terms of bringing services in-house, the WLGA¹⁶ outline the following range of costs:

- Staff costs - TUPE and 'topping up' salaries of those on furlough
- Loss of Income – due to Covid- compliant requirements
- Additional costs – due to Covid- compliant requirements
- Facilities and Maintenance costs – current and future costs
- Full business rates cost
- Potential costs of future re-tendering of services
- Costs to the community whilst services remain closed prior to transfer to the Council
- Cost to the Council, in terms of staff expertise and resources, at a time when Councils have many other demands on their time and resources, including statutory services.

20. Scrutiny Research has found that Bridgend Council has also helped local sports clubs by: waiving hire fees; offering clubs a grant up to £1,000 to help with day-to-day running costs during the pandemic; and welcoming sports clubs applications

¹⁶ WLGA 'Options for councils in supporting leisure and culture providers through Covid-19 guidance' June 2020, available at **Appendix B**

for community asset transfers. Further information is available in the final section of **Appendix D**.

Leisure - Cardiff

21. Council- run centres, namely Cardiff Riding School, Cardiff International White Water Centre and Channel View Leisure Centre, have re-opened in a covid-compliant way and with reduced occupancy levels. In addition, 3G pitches have re-opened for use by clubs and grass pitches are being prepared for use by clubs, both in compliance with the Football Association of Wales (FAW) protocols¹⁷.
22. In August 2020, GLL partially re-opened six leisure centres, in line with covid-19 guidance, including social distancing, advance bookings, one-hour slots, one activity per visit and enhanced cleaning.
23. On 22 October 2020, BBC Wales reported that GLL is proposing to cut 35 jobs, about a third of jobs, from Cardiff leisure centres, because of the covid-19 pandemic. The article states that GLL are considering a range of options including voluntary redundancy but not compulsory redundancies at this stage¹⁸.
24. At this meeting, Members will consider a separate report on the impact of the coronavirus pandemic on GLL and the Council's response to this.

Return of Sport

25. As part of their evidence to the Senedd Culture, Welsh Language and Communications Committee¹⁹, Sport Wales explained that sport is going to be different in the short-term, given ongoing coronavirus restrictions and that several groups have been established across the sector to look at the return to sport, '*split into, effectively, indoor sports, outdoor sports, facilities, and elite and professional*'.

¹⁷ Cllr Bradbury – written statement to Full Council 22 October 2020

¹⁸ Article at <https://www.bbc.co.uk/news/uk-wales-54643642> downloaded 22 October 2020

¹⁹ Culture, Welsh Language and Communications Committee – Impact of the Covid-19 outbreak on Sport June 2020

26. In addition, the governing bodies of various sports have taken a lead role in designing guidance and protocols to frame the return to their particular sport. Further details on those relating to football and rugby are contained in **Appendix D**. These highlight that football and rugby have only recently started to play friendly matches, albeit that training restarted in August and September. The Firebreak Lockdown has temporarily paused the return and guidance is being sought from Welsh Government on any restart conditions that may apply at the end of the Firebreak Lockdown.

Sport Wales Support

27. Sport Wales has repurposed funding to provide support to sport and physical activity organisations during the pandemic. This includes:

- An Emergency Relief Fund for not-for-profit community sport
- A Sports Resilience Fund, to help sports organisations operate in the current landscape of coronavirus restrictions. This includes £4 million Be Active Fund to support grassroots clubs and community organisations and £4.5 million to support larger organisations, such as sports governing bodies, local authorities and leisure trusts.

28. In his written statement to Council on 22 October 2020, Councillor Bradbury stated that:

'I can also report that, in response to Covid-19, Welsh Government and Sport Wales have announced a new grant scheme of £14 million to help restart the Sport and Physical Sector, with innovative opportunities being a priority for funding. My officers are active in supporting clubs and organisations through the application process.'

Previous Scrutiny

29. This Committee received an update on the Joint Venture at its meeting on 9 November 2017, including a presentation and videos demonstrating the impact that Sport Cardiff has had. Members noted that, whilst there had been an overall reduction in engagement numbers in 2016/17, there had been a greater focus on extending engagement in order to make a more meaningful impact, rather than maximising the number of one-off engagements.

30. In April 2018, Committee received a further update and considered the proposed Local Sports Plan 2018/19. During the meeting Members discussed the following points:

- Small amounts of funding, coupled with dedicated staff and volunteers, can make a huge difference in the delivery of sports across Cardiff
- Need to boost grassroots participation, to give lifelong love of sports and reap associated health and wellbeing benefits
- The work ongoing with 21st century schools programme, ensuring sports provision forms part of this and that this provision is accessible and affordable for local communities
- Year on year decreases in funding mean that there will come a time when activities reduce, as all efficiency savings/ contributions in kind will have been maximised
- Reductions in funding for Sport Wales means that it is more reliant on being able to engage with existing community based projects
- Sport Wales and sport governing bodies need to reach out to communities and shift their focus from elite sport to grassroots participation.

31. In April 2019, Members scrutinised key changes in the landscape for sport, including the '*Wellbeing of Future Generations (Wales) Act 2015*', the Council's '*Capital Ambition*' and Sport Wales' proposed regionalisation of community sport. Members examined the annual review of the Local Sport Plan and discussed with witnesses how sport in Cardiff would alter in light of the key changes listed above.

32. Following the meeting, the Chair wrote to Councillor Bradbury, Cabinet Member Culture & Leisure; a copy of the letter and the response received are attached at **Appendix E.**

Way Forward

33. The following witnesses have been invited to take part in a panel discussion with Members and answer Members' questions:

- Laura Williams – Head of Cardiff Sport

- Ben O'Connell – Director of Sport, Cardiff Metropolitan University
- Rhys Jones – Head of Services, Cardiff - GLL
- Councillor Peter Bradbury – Cabinet Member, Culture & Leisure
- Steve Morris – Operational Manager, Sport, Leisure & Development.

34. During the discussion, Members may wish to explore the following:

- Impact on participation rates once lockdown lifted
- Sport Cardiff plans for remainder of 2020-21
- Role of the Council in assisting local sports clubs
- Role of the Council re leisure and sports generally
- The overall recovery process for leisure and sport.

35. Members are reminded that at this meeting they are considering a separate report on the impact of the coronavirus pandemic on GLL and the Council's response to this.

Legal Implications

36. 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

37. 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.

Recommendations

The Committee is recommended to give consideration to the information attached to this report and received at this meeting and to submit any recommendations, observations or comments to the Cabinet.

Davina Fiore
Director – Governance and Legal Services
30 October 2020

Sport Partnerships

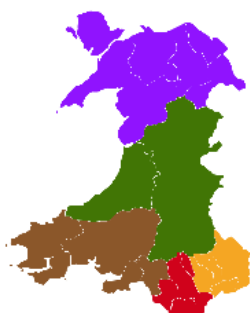
What is CSAP

CSAP (Community Sport & Activity Programme) is a transformational project that will remodel Sport Wales' approach to supporting the delivery of local sport opportunities through the creation of regional Sport Partnerships. Its aims are to get more people active through sport with a focus on young people, and people who face the greatest barriers.

The Vision for Sport in Wales and Sport Wales Strategy set the tone for delivering sport in the best way possible for local people. The creation of Sport Partnerships will respond to that and will change the way local sport is delivered on behalf of Sport Wales. The approach is backed by a Business Case which has been endorsed by Sport Wales Board and Welsh Government.

What will a Sport Partnership look like?

The new model of delivery will bring together a much broader range of partners across defined regions who, through the creation of a Sport Partnership, will be responsible for leading the development of local sport opportunities, maximising Sport Wales funding, while also seeking funding from other sources to support its work.



We are looking to establish five Sport Partnerships across Wales. Organizations who will be involved in operating these partnerships include local authorities, Trusts, Housing Associations, health boards, HE & FE, Police, Professional Sports Clubs and charities.

As well as delivering against the Sport Wales strategy, the partnership will need to demonstrate good governance and build insight and learning into how it plans and delivers.

What will be different?

If we're going to get more people active then we have to think differently, be innovative, build up partnerships and try new ways of working. But the Sport Partnerships will have the resources, size, influence and reach to be able to do this for the benefit of sport.

The Sport Partnership will champion sport, being the go-to agency in each region. Sport has faced significant cuts and pressures, and with it has come a diminished voice in local decision making. The Sport Partnership will take on the advocacy role, taking its place at the table with other regional boards – such as regional economic partnerships or education consortium.

It will champion the power of sport, demonstrating the benefits to local health, community cohesion, reduction in crime and anti-social behaviour, skills and learning. The new Sport Partnership will bring a collective power. There will be more opportunities to learn, deliver and celebrate sport on a larger scale than before.

This isn't about cost-saving. This is about taking things like the fantastic workforce and helping them to work in the best way possible for the benefit of local sport.

Delivering services on the ground that are based on local need, while having a strategic view and influence that magnifies the potential of that delivery.

Where are we on the journey to create Sport Partnerships

We have been working with partners in N Wales over the past couple of years to help shape their thinking and plans. In the last few weeks, the partnership formally submitted their Business Case to establish Sport North Wales with it being considered at Sport Wales Board at the end of November. Following on from this, it is

anticipated that Sport North Wales will formally 'go live' from April 2021, following the appointment of an Independent Chair, Senior Leader, and Board Directors early in the New Year.

Across the Rest of Wales, we've had positive engagement with over 35 partners who submitted an Expression of Interest to play a lead role in driving forward the creation of one of the remaining four Sport Partnerships. Both Cardiff Council and Cardiff Met were amongst those who submitted a successful Expressions of Interest to drive forward this approach across the Central South region. We are currently re-engaging with all these partners to understand their vision, any challenges and opportunities and agree timelines to progress this exciting journey.



Options for councils in supporting leisure and culture providers through COVID-19

Guidance

Note: This guidance is correct as of 5 June 2020. It has been adapted from the original [guidance](#) by the Local Government Association in collaboration with ukactive and Community Leisure UK

Purpose

Introduction

On 16 March 2020, the Prime Minister asked people to stop going to public places, including their local cultural venues like theatres. On 20 March 2020, the UK Government announced that across the four nations there will be a temporary closure of all gyms, leisure centres, libraries, theatres and concert halls, museums and galleries, and community centres (along with pubs, clubs, restaurants, cafes) as part of its COVID-19 response to stop the spread of infection. On the same day, the First Minister announced for Welsh Ministers to exercise their powers under the 1984 Public Health Act to close these facilities.

These leisure and culture facilities provide vital health, leisure and wellbeing services to local communities and will be a key re-engagement service for those communities post the COVID-19 pandemic. While the First Minister announced on May 8 that libraries can start thinking about safely reopening, most services stay closed at least until June, and, when allowed to reopen, will do so with significantly restricted service. Most other cultural, leisure and sport facilities will not be allowed to reopen in some, restricted form until at least the amber stage of the Welsh Government's traffic light system to get out of the current lockdown. Leisure and culture providers, who are charitable trusts or private operators are now at crisis point as a result of loss of income and limited cash reserves. Even when they are allowed to reopen by Welsh Government, this situation will continue for some time as a result of limited use of re-opened spaces and cancellations of services where social distancing is simply not possible, enhanced cleaning, and start-up costs including staff re-training.

This advice note aims to update councils on the impact the COVID-19 pandemic is having on leisure and culture providers operating services and facilities owned and delivered on behalf of councils. It includes options as well as examples of how councils are providing practical support to providers and ensuring facilities are in a position to reopen when social distancing measures are relaxed.

Leisure and culture providers are currently falling between the cracks of most announced support packages. Leisure and culture trusts are most at risk because they are charities, societies or community interest companies (with a public benefit asset lock) and as such do not distribute profits. Currently leisure and culture providers are exempt from most COVID-19 emergency support funding, because:

- the Procurement Policy Notes 02/20¹ (PPN 02/20) on supplier relief do not account for the income arrangements between councils and providers
- they are not eligible for the Welsh Economic Resilience Fund as the method to provide a 60% or higher loss of income is not designed to respond to the financial circumstances and funding mix of trusts
- they are unable to secure loan finance, either through the government backed scheme or commercially, due to judgement of viability being assessed and

¹ <https://www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19>

judged on historical profitable financial records rather than on future financial projections, tight contractual and operating margins and, for trusts, their reinvestment of surpluses into the community model

- the majority have a rateable value above £51 000 so are not eligible to receive the retail, hospitality and leisure grants
- they are not eligible for the Third Sector Resilience Fund and the Voluntary Services Emergency Fund, as they are not deemed 'small' nor 'delivering frontline services'
- closure has been required and some are interpreting this as a 'change of law' event from central government which may mean contractual obligations changing

This note focuses on advice that is applicable to trusts and private operators across Wales.

Background

Why are leisure and culture services and their providers important?

Leisure and culture providers operate a range of services and facilities on behalf of councils. They may be private operators or trusts (registered charities, societies or community interest companies). Many of the sites they operate are leisure centres, swimming pools and parks, but in some localities they also operate libraries, theatres, museums, pitches, golf courses, ice arenas, beach fronts, and heritage buildings.

Leisure and culture providers contribute to the delivery of the statutory responsibilities for local authorities within the Wellbeing of Future Generations Act. The services they provide play an important role in ensuring the mental and physical wellbeing and social connectedness of local communities². Research from Sport Wales shows that Welsh sports have a social return of £2.88 for every pound invested in it, including considerable savings to the National Health Service³. Engagement in leisure and cultural activities contributes strongly to mental wellbeing by allowing people to be active and to connect with others. Sport is also an important economic contributor, seeing as since 2010 there has been a 14% increase in Welsh sport related employment, a 14% increase in consumer expenditure on sport and a 10% increase in sport related GVA⁴.

Although public buildings have been temporarily closed during the coronavirus crisis, some leisure and cultural facilities have been repurposed to support the COVID-19 response. Some providers have begun to deliver streamed workout videos, children

² <https://gov.wales/sites/default/files/publications/2019-06/arts-and-culture-vision-statement-light-springs-through-the-dark.pdf>

³ <https://wsa.wales/download/social-return-on-investment-of-sport-in-wales-2016-17/>

⁴ <https://www.sport.wales/media-centre/latest-news/2019-11-20-report-principality-stadium-helps-sport-make-huge-economic-impact-on-wales/>

and adult activities, and community information online. The services provided by leisure and culture providers will be even more important as we move towards thinking about recovery and supporting communities to return to their local leisure and cultural facilities, and to support their mental wellbeing.

If the leisure and culture sector is not sustained through this crisis, the re-mobilisation of public leisure and culture provision will be significantly affected, statutory library services will be at risk, facilities and venues will be unable to open and clubs and voluntary organisations unable to re-start activities for communities. This would lead to additional costs to the public purse through re-procurement, TUPEing staff, or establishing new delivery mechanisms whilst facilities remain closed for longer periods. There will be an impact on the social and health benefits to communities at a time when these will be most needed.

What are the features of leisure and culture operators?

The delivery model for operators does vary, but the main features are as follows:

- Due to contractual requirements to invest profits back into council services, margins are extremely low (in leisure, usually between 1 per cent – 5 per cent of income relative to contracts).
- They are largely reliant on income from customers and/or management fees to operate.
- Reserves are low as a result of a necessity to reinvest into facilities and communities.
- Management fees paid to and from operators are just a balance figure between income and expenditure. Therefore with no income a significant financial gap exists.
- There is an ongoing net subsidy requirement even when facilities are closed and mitigations are in place, as the average monthly cost of utility, non-furloughed staff, pension contributions, loans, repayments and standing charges etc is around £168,000 per provider per month.
- Operators cannot access cash from equity issues or other financial models available to commercial entities.
- Councils benefit from the trust and private operator model allowing reductions in the cost of running facilities.

In addition to the above, leisure and culture trusts are different from many other services undertaken by councils, in that:

- they are registered charities, societies or community interest companies (with a public benefit asset lock) and reinvest all surpluses into their facilities and services.
- they are independent of any controlling group structure.
- reserves are low and in line with their Reserves Policy following Charity Commission guidelines.

Public leisure and sport is managed by trusts in 50% of Welsh local authorities. In five Welsh local authorities, trusts manage public culture, primarily libraries and arts venues.

What challenges are they facing?

Leisure and culture trusts in particular face serious cash flow challenges. Welsh leisure and culture trusts continue to incur an average of nearly £168,000 of monthly costs (excluding costs recovered through the Job Retention Scheme and any negotiated expenditure reductions). These costs include utilities, significant pension contributions i.e. local government pension scheme contributions are c. 17-18% (not recoverable from the Job Retention Scheme above the 3% threshold) and ongoing building maintenance. This is while leisure and culture trusts are losing an average of £460,000 of income per month.

If the 'lockdown' were to end while social distancing measures stay in place and currently helpful financial support like the Job Retention Scheme ends, a third of Welsh trusts will reach an "insecure" position within 6 months; 44% of Welsh trusts will reach this position within the next six to nine months. In nine to twelve months from now, 77% of Welsh trusts will have become "non viable" or be in an "insecure" position.

Leisure and culture operators further face particular challenges in accessing Government support during the COVID-19 pandemic:

- critically, while they benefit from the Job Retention Scheme, they are largely ineligible for the retail, hospitality and leisure grants or rate relief
- they are also not in a position to take out loan finance – due to the risk – because of the nature of their business model and the low margins, which are in any case reinvested in the community
- it is not yet clear whether or not they will be able to access any of the Third Sector Resilience Fund and the Voluntary Services Emergency Fund

Private operators are also facing serious financial challenges as a result of lost income and high standing costs associated with running a facility. In some cases, they will be able to take out loan finance, but in others their position will closely mirror that of trusts.

What are the risks if a leisure and culture operator is no longer viable?

When a leisure and/or culture operator running services on behalf of a council begin to be no longer financially viable, the council faces a difficult choice. It can either allow the operator to become insolvent, potentially bringing any facilities owned by the council back in-house as a means of keeping them open, or it can choose to support the operator. If any of the trusts who manage libraries service fail, the council is at risk of not fulfilling its statutory services. In all cases, leisure and culture services contribute significantly to the Wellbeing of Future Generations Act.

Therefore any disruption in delivering those services will have a significant impact on

council's statutory obligations, with many councils no longer having any professional leisure or cultural service managers to be able to recommence operational service or undertake operational reviews.

Either approach is likely to involve significant costs to the council. The cost of supporting a trust will vary according to the particular local circumstances and the approach of the council. Bringing a facility back in-house also involves a wide range of costs including:

- maintaining the facility
- TUPEing staff and potentially 'topping up' the salaries of those currently on furlough;
- loss of income while the facilities are closed under the current restrictions (and higher increased costs following the lifting of restrictions because councils will potentially need to recruit and secure expertise before they can reopen facilities. Councils will also face full business rates where previously trusts could claim charitable relief.)
- re-tendering the services at a later date if applicable
- potentially replacing the facility in the long term since recent research shows that nearly two thirds of leisure centres are outdated and in need of urgent new investment⁵

There is also a significant cost to the community, as the services are likely to remain closed until arrangements can be put in place to reopen, at a time when councils will have many other demands on their time and finances and statutory services will have to take priority.

There are specific risks to wider council-led priorities and delivery of statutory duties which are reliant on leisure and culture facilities. Although not statutory, councils play a strategic role in determining and driving local economic priorities to increase economic growth, job creation and make local areas attractive places to live and work. Repurposing town centres to bring a better balance between housing, leisure, public services and cultural hubs and retail is one example of how councils are doing this. Thus, in the longer term the absence of a leisure and culture infrastructure will have an adverse effect on the council's progress for its wellbeing and local economic priorities.

What can my council do to support our leisure and culture partner?

We recognise that there will be many calls on council resources at this time. The following list is provided to help councils identify their options to support their local leisure and/or culture trust. Not all options will be appropriate in all council areas and will depend on local contracts. However, we encourage you to work with your leisure and culture provider as a partner, rather than simply a contractual provider, to identify what will work best for them and, in the long-term, your communities in support of your council's public health, future generations and economic strategies.

⁵ <https://www.local.gov.uk/nearly-two-thirds-leisure-centres-need-urgent-investment>

While the details will differ, our ambition is for a partnership-focused approach to be adopted across all councils.

The following actions will support a partnership approach between councils and their leisure and culture providers:

- Adopting the recommendations and approach recommended in PPN 02/20.
- Supporting the net subsidy position utilising the Open Book approach recommended in the current PPN 02/20 run from service closure on 20 March to the date at which 'full normal service and income levels have been achieved' to ensure fairness and transparency. Leisure and culture providers will be under an obligation to mitigate costs as much as possible.
- Holding regular review meetings with the operator to monitor and manage the joint response to the crisis.
- Understanding that organisations have had to furlough most of their staff resource, so reconciliation under the Open Book specific to the contract should be quarterly to minimise resource impact.
- Understanding that leisure and culture operators including trusts, are not eligible for the vast majority of Welsh Government-backed business support schemes, nor those of Sport Wales and the Arts Council of Wales (at the time of writing).
- Taking steps to understand the potential costs to their council in present and future budgets should their leisure and culture partner be unable to continue.
- Noting that under 'Change in Law provisions' (where applicable) the council is fully responsible for all the costs of hibernation and supporting the ramp back up to normal working.
- Agreeing hibernation costs with the operator (where relevant), including security, plant checks etc.

Councils may also consider:

- funding the operator to pay staff their normal contracted remuneration, while also ensuring that the operator is maximising the value of the Government's Job Retention Scheme⁶
- agreeing payments to the operator to ensure that the operator's cash flow position is protected.

It should be noted that leisure and culture operators are supporting a large number of community resilience plans across the country and this collaborative approach is providing immediate benefits to many councils and their communities. Therefore if these operators are not able to return safely then not only are councils statutory services impacted but the whole infrastructure of public leisure and culture across Wales will be affected. The continuation of this community support and infrastructure is encouraged.

Forms of support

⁶ <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Where possible, we recognise that councils are doing their best to help by introducing a range of emergency measures including relaxing monitoring and outcomes requirements, advance payments on management fees and in some cases offering direct financial support. Specific examples of support offered by councils to leisure and culture providers (trusts and private operators) include the following:

- waiving the sum contracted to be paid to the council by the provider on a monthly basis
- offering their leisure and culture contractors an interest free loan or a grant to cover the months of closure and concession on future measures when allowed to re-open
- deferring any rental costs for the sites they operate on
- paying forward on this year's operating subsidy, as a quarterly advanced payment
- offering to fund all staff related costs that are required to attend the centres to perform building checks, therefore complying with building checks and contractual obligations
- proposing to pay the anticipated costs of maintenance, utilities, cleaning, finance charges, professional fees, irrecoverable VAT and a proportion of central overheads, subject to an open book reconciliation being undertaken to determine the actual cost when the centres re-open.

Councils may look at advance payments as laid out in the PPN 02/20 to ease the cash flow challenges facing leisure and culture trusts in particular.

Summary

The health and wellbeing of the nation is at the forefront of all our minds and it is clear the services delivered by leisure and culture providers play a vital role in this both now and in the future. They support councils in their statutory duties under the Wellbeing of Future Generations Act and are instrumental in the local public leisure and culture infrastructure that in turn support other community groups.

Whilst the PPN 02/20 guidance needs to provide a generic position covering a number of services, the delivery of council services by leisure and culture trusts needs to be assessed in line with the unique circumstances required to deliver the contracts and specifications put in place by councils. Local circumstances will differ and councils are best placed to decide their own approach to these services, but we would advocate a partnership-focused approach between council and provider as the best way of securing positive outcomes for the community.

We would encourage councils to consider the long-term implications of these unprecedented times on the culture and leisure sector as a whole and consider how we can best stand together to ensure the resilience of these facilities for our residents.

Frequently asked questions

Below are a series of questions commonly asked by councils of their providers and are intended to assist in supporting the conversation between organisations. The majority of these answers are based on previous conversations between ukactive members and their council partners, but have been reviewed and adapted where appropriate to make responses applicable across leisure and culture providers.

Does council support constitute state aid?

- Contracts are procured via OJEU in full compliance with EU Procurement Rules and the Public Contracts Regulations (or The Concessions Contracts Regulations).
- Those contracts, at the time they were procured, included clear obligations on councils to make payments under the contract in the event of a qualifying/specific change in law.
- Councils are complying with the terms of those contracts which were tendered in accordance with EU Law.
- Compliance with the terms of the contract cannot be seen as 'distorting competition' for the purposes of the State aid rules as the contract was open to any organisation in the EU to tender for.
- Any payments made do not, therefore, fall to be treated as state aid as they do not satisfy all four tests under the state aid rules.

What savings can be made in relation to costs associated with repairs and renewals, cleaning and waste and utilities whilst not affecting the maintenance of the sites or plant and obligations related to compliance?

- Savings will depend on the extent to which the council wishes to mothball sites. For example, providers will aim to reduce energy costs as much as possible whilst following Pool Water Treatment Advisory Group guidelines to ensure they maintain plant and pool circulation systems ready for remobilisation of the sites. Full mothballing comes with greater risk of plant and pool structure failure which would be significantly more expensive. The same goes for cultural venues, theatres in particular, where not all utilities can be switched off due to old equipment that might break if not in use for a longer time.

The stability and viability of a multi-site operator will depend on their ability to successfully vary their contractual arrangements with all the various councils to whom they provide services. If the company becomes insolvent, must all the contracting councils be notified immediately?

- In any circumstances where the company became insolvent, all council partners would be informed immediately. It is important to note that if the closures are deemed to be a 'change of law', this has implications for the council's requirement to support.

Are trusts and private operators prepared to set out exactly the relief they are requesting against each contract in their portfolio?

- Each organisation is prepared to work through each contract using the Open Book approach recommended in the current PPN 02/20 to ensure full costs are shown to the council in the spirit of a transparent approach. Financial information from other councils would be confidential.

Could you please advise as to why the percentages assigned to central support contribution differs between different council contracts with the same provider? Can this figure be aligned?

- The contribution is allocated to each contract on a pro rata basis based on the size of the contract in relation to all council partners. This ensures that no one council is covering a higher proportion of central running costs.

Where there is a 'cost plus' arrangement in place, does the operator envisage this being a fixed price payment each month, or a fluctuating payment based on actual expenditure?

- The 'cost plus' arrangement would be a fluctuating payment based on actual expenditure plus a fixed central cost contribution. Contractors will endeavour to keep the actual expenditure as low as possible but there are a number of unavoidable costs which must be incurred during the closure period. Costs may also vary depending on the duration of the closure, eg additional stock wastage in the case of an extended closure.

Some training is legally required to take place on a regular basis (for example health and safety). Could clarity be provided as to those training costs that would be incurred during a period of site closure?

- The main costs are for First Aid as well as National Pool Lifeguard Training and basic food hygiene renewals prior to re-opening sites. Expiry holidays have been granted in most cases of statutory training for the duration of the lockdown. There may be others depending on the length of closure but at this moment in time these are the key training costs.
- Providers are further considering additional training for staff upon reopening to comply with new health and safety measures. Any of such expenses will be shared with councils through the PPN 'open book' approach.

Can you advise whether payment holidays have been explored and discounted in regards to all relevant cost lines ie licences or equipment hire arrangements?

- All providers are currently in talks with suppliers in relation to discounts and payment holidays. Any discounts secured will be passed through to the council as part of Open Book accounting (on the cost plus arrangement where applicable).

A number of suppliers have allowed flexibility, but some stand behind contracted positions.

Would it be correct to assume that the costs associated with 'cost of sales of goods' would reduce further after April once perishable stock has been disposed of?

- Yes, this actual cost will reduce during the closure and can be confirmed after each month during reconciliation of accounts. It does depend on what goes out of date in each period.

With thanks to Sport Wales and the Arts Council of Wales for supporting this guidance note.



With thanks to the LGA, Community Leisure UK and ukactive for their support in the production of the original guidance note.



Mae'r dudalen hon yn wag yn fwriadol

Core Cities

Core City	GLL?	What's happened?
Belfast	Yes	Reopened most of their leisure centres. No details available re whether this is with or without additional financial support. ⁱ
Birmingham	No	Leisure Centres operated by the Council
Bristol	No	Leisure Centres managed by Everyone Active (part of SLM Sport & Leisure Management Group) and 2 centres by Parkwood Leisure
Cardiff	Yes	TBC
Glasgow	No	Glasgow Life, on behalf of the Council, operates leisure centres. Glasgow Life is a charity and is the operating name for Culture and Sport Glasgow.
Leeds	No	Leisure Centres operative by Active Leeds, part of Leeds City Council
Liverpool	No	Leisure Centres are operated by the Council, as Lifestyles Centres
Manchester	Yes	Manchester Council has provided circa £872,000 for April – July 2020 to cover fixed costs to GLL associated with closure and no trading income. The report states that financial pressures on GLL could increase, depending on phasing of relaxing of the lockdown and timing of activities re-opening. ⁱⁱ
Newcastle	Yes	Some leisure centres and sport facilities re-opened but several leisure centres remain closed, with 35 staff (40%) likely to be made redundant. Newcastle City Council issued GLL a loan from an emergency £5million fund set up to help businesses through the C-19 crisis but the loan is not enough to keep every leisure centre open. GLL also requested an adjustment to their previous loan facilities. ⁱⁱⁱ
Nottingham	No	Leisure Centres operated by Active Nottingham, part of the Council.
Sheffield	No	Leisure facilities managed by Places for People and Sheffield International Venues.

Other local authorities re GLL

Local Authority	Details
Bath & NE Somerset Council	The Council has provided financial support in line with government supplier relief guidance (PPN 02/20) to its contractor GLL to ensure its leisure centres can continue to operate. The Council has agreed contract variations, including removing a centre from the contract, re-opening dry facilities only and exploring investment opportunities ^{iv}
Bracknell Council	For three leisure centres, the Council is reported to have: - Provided GLL with a £2.5million bailout ^v
Cornwall Council	The Council is reported to have provided a £6M bail out to GLL, via delegated authority to the Leader. ^{vi}
Greenwich Council	The Council is reported to have provided GLL with a £800,000 support package and extended its contract until 2031. ^{vii}
Islington Council	For eight leisure centres, the Council: - deferred rent payments of £1.274m - made a payment towards GLL's costs till the end of June and - paid a £195,000 management fee earlier than usual, to provide cash flow for GLL. This package was extended to September and has recently been extended to March 2021, with the intention to claw back the deferred rent and extra payment against any

	surplus profits GLL may make during the balance of the contract term once losses have been taken into account. ^{viii}
Lambeth Council	The Council approved an interim payment, estimated at £790,000, for 20 March 2020 to 28 June 2020, to be funded from surplus profits held in the 'Development Pot'. The Council approved a variation of the contract to reflect the commercial positions regarding changes to profit share allocations, insourcing of the sports inclusion programme and review of any further interim relief payment proposals from GLL within the current balance of the 'Development Pot'. ^{ix}
Reading Council	For one leisure centre, the Council has paid GLL: <ul style="list-style-type: none"> - £410,000 for March – July - £156,000 in instalments for remainder of financial year. This amount could be reduced if it costs GLL less than anticipated. Members were advised by the Council's assistant director of finance that GLL could have terminated the contract if the bailout was not agreed as it had lost income for more than 3 months during the lockdown. He also advised that the Council would be able to enforce the contract if a further request came, unless there was a further lengthy lockdown. ^x
Tower Hamlets Council	The Council is reported to have provided GLL with a support package of circa £600,000. ^{xi}

ⁱ <https://www.belfastcity.gov.uk/news/better-leisure-centres-across-belfast-announce-fur> downloaded 16 October 2020

ⁱⁱ <https://democracy.manchester.gov.uk/mgConvert2PDF.aspx?ID=17750> downloaded 20 October 2020

ⁱⁱⁱ <https://www.better.org.uk/leisure-centre/newcastle/news/gll-announce-newcastle-leisure-centre-plans> downloaded 20 October 2020

<https://www.chroniclelive.co.uk/news/north-east-news/newcastle-leisure-centres-set-remain-18861009> downloaded 16 October 2020

^{iv} <https://newsroom.bathnes.gov.uk/news/council-reviews-leisure-provision-support-peoples-health> downloaded 16 October 2020

^v <https://www.readingchronicle.co.uk/news/18674950.reading-rivermead-leisure-centre-operator-gets-600k-bailout-new-plan-agreed-pools/> downloaded 16 October 2020

^{vi} <https://cornwallreports.co.uk/after-yesterdays-6-million-bail-out-the-battle-for-cornwalls-leisure-centres-is-only-just-getting-started/> download 16 October 2020

<https://www.cornwall.gov.uk/council-and-democracy/council-news-room/media-releases/news-from-2020/news-from-july-2020/joint-statement-from-gll-and-cornwall-council/> downloaded 16 October 2020

^{vii} <https://853.london/2020/08/05/greenwich-leisure-providers-six-month-unpaid-career-break-offer-criticised-by-union/> downloaded 16 October 2020

^{viii} <https://www.islingtongazette.co.uk/news/islington-council-extends-bailout-of-leisure-centre-provider-gll-1-6851917> downloaded 16 October 2020

^{ix} <https://moderngov.lambeth.gov.uk/ieDecisionDetails.aspx?ID=6621> downloaded 16 October 2020

^x <https://www.readingchronicle.co.uk/news/18674950.reading-rivermead-leisure-centre-operator-gets-600k-bailout-new-plan-agreed-pools/> downloaded 16 October 2020

^{xi} <https://853.london/2020/08/05/greenwich-leisure-providers-six-month-unpaid-career-break-offer-criticised-by-union/> downloaded 16 October 2020

Community Football

Due to the coronavirus pandemic, all football activity across Wales halted in March 2020. The Football Association of Wales developed a series of 'Safer Return to Play' protocols for the various tiers of clubs and age groups.

On 21 September 2020, phase 3 'Safer Return to Play' Protocols commenced, enabling play to restart in lower tier clubs, with outdoor contact training for up to 2 groups of 15 players and coaches. From 5 October 2020, intra-club training matches were permitted within a 30-person limit. From 19 October 2020, friendly matches were permitted against other teams, without spectators and a maximum of one coach and first aider per team and a limited number of substitutes and game length. Local lockdown restrictions may affect which clubs are able to play. The Firebreak lockdown from 23 October – 9 November suspends all play for lower tier clubs.

The FAW urges everyone to follow the Welsh Government guidelines during the firebreak lockdown to limit the spread of COVID-19. They also confirmed that they are currently seeking clarification from the Welsh Government on the level of restrictions that will be in place following the end of this lockdown period, in order to ascertain what football activity can resume from 9 November.

In: <https://www.faw.cymru/en/covid-19/>

<https://www.faw.cymru/en/news/firebreak-lockdown-and-football-wales/>

Community Rugby

Due to the coronavirus pandemic, all community rugby across Wales halted in March 2020. In early August 2020, touch rugby was sanctioned for U7-U11 players and, in late August, players of all ages were allowed to play rugby. On 26 September 2020, the Wales Rugby Union (WRU) sent guidance to clubs in areas affected by local lockdowns stating: "*All community rugby training in these County Boroughs will be suspended until further notice in line with government timelines*".

The suspension of rugby training provoked a strong response from various community rugby clubs throughout Wales including a petition that gained circa 4,500 signatories within 3 days (by 29th September 2020). Local clubs questioned the WRU's decision, which was in contrast to the approach taken by the Football Association of Wales (FAW). A number of club representatives spoke to Wales Online to express their concerns over the situation, fearing a "lost generation" of rugby players.

WRU explained their rationale for suspending rugby in local lockdown areas because *"rugby environments bring people together who might not otherwise come into contact with each other"*.

On 14 October 2020, the WRU announced the lifting of the suspension of community rugby in the local lockdown areas, following their review of the situation, stating that clubs and teams could return to training within the current 'return to rugby' guidelines, if they felt they could provide a safe environment for players, coaches and volunteers.

The Firebreak lockdown from 23 October – 9 November suspends all play for community rugby. The WRU statement confirms they will be contacting local clubs before the end of the Firebreak and before any community rugby activity resumes. The WRU has written to local clubs on the allocation of the WRU emergency fund that will assist them in meeting running costs for their facilities and help them to return to rugby.

In: <https://community.wru.wales/returntorugby/>
<https://www.walesonline.co.uk/sport/rugby/rugby-news/rugby-shutdown-partially-lifted-less-19015960>.
<http://www.ponty.net/wru-statement-on-community-rugby/>
<https://www.walesonline.co.uk/sport/rugby/rugby-news/the-catastrophe-lost-generation-welsh-19012350>
<https://www.bbc.co.uk/sport/rugby-union/54332799>
<http://www.ponty.net/wru-status-update-21-10-20/>
<https://www.walesonline.co.uk/sport/rugby/rugby-news/rugby-shutdown-partially-lifted-less-19015960>

Innovative responses to COVID pandemic

1. Digital Resources provided by the Cardiff City FC Foundation.

In: <https://www.cardiffcityfcfoundation.org.uk/pages/category/digital-resources>

In response to Coronavirus (COVID-19), Cardiff City FC Foundation have developed a web portal providing online resources and activities to support young people of different age groups, parents, older people, those with disabilities and the beneficiaries of their outreach programme promoting safer communities.

The resources available on the web portal for young people of school age are set up by these categories:

- Primary Stars (Foundation Phase: Ages 4-7) - Resources to support primary school pupils in Foundation Phase
- Primary Stars (KS2: Ages 7-11) - Resources to support primary school pupils in Key Stage 2 learning
- Inspires (KS3: Ages 13-15) – Resources to support secondary school pupils in Key Stage 3 learning.

Other online resources in this portal include:

Digital Kicks Online - on-line activities targeting young people aged 11-19 in South Wales to support their personal development and help to create safer communities and reduce offending. Activities include: Group video calls (occasionally joined by Cardiff City First Team Players); Football challenges; Fitness challenges; Healthy living, community safety and community coaching workshops etc.

Connecting Generations: – this is a ‘Digital Hangout’ webpage 2x a week intended to connect young people aged 16-24 year olds with the over 50s . This will involve fun games and quizzes, along with reminiscence activities to reduce social isolation.

BlueBirds Ability – this is a ‘Digital Hangout’ webpage available 3x a week to enable children and young people with a disability and their parents to access online

activities that will help to improve their physical health and activity, social interaction and improve their confidence.

The Positive Pathways Project – this is an online support service during the Covid period for ex-armed forces personnel who are at risk of becoming lonely and socially isolated. Two-hour Virtual Tea and Toast sessions are available 3x a week to help improve social interaction during lockdown. Veterans can also access advice on how to stay active during lockdown and benefit from mental health awareness sessions and CV writing support.

Walking Football - web page for members of the Cardiff City FC Foundation Walking Football team to digitally catch-up every week during the COVID period. Provides an opportunity for members to meet digitally for two hours every Thursday.

Digital P.E CPD For Teachers (Part 1 and Part 2) – Free two-hour online courses for all primary school teachers, TA's, NQT's and PGCE students. The online course presents ideas for lessons using a variety of games based around movement skills for 5–11-year-olds, and the basic principles of invasion games. The course provides guidance to those teachers who might run a school team.

2. Bridgend Council – Support for outdoor sports facilities

In: <https://www.walesonline.co.uk/sport/bridgend-porthcawl-football-sport-cricket-18394294>

According to a Wales Online report on 10 June 2020, sports clubs in Bridgend will no longer have to pay fees to use outdoor sports facilities after the local authority waived the charges. Bridgend County Borough Council (BCBC) has cancelled the fees in response to the financial pressures on local sports clubs caused by the coronavirus pandemic.

Bridgend Council Cabinet Member for Communities, Councillor Richard Young, stated that a decision not to impose sports club charges was in recognition of the financial strain caused by the coronavirus pandemic that has greatly reduced income streams at local clubs. The Cabinet Member believes that the waiver of hire charges will automatically *“improve the cash flow of individual sports clubs as it is one less bill that they no longer have to pay”*.

In April, the council also offered sports clubs a grant of up to £1,000 to help with the day-to-day operating costs during the pandemic. The Council has also welcomed sports clubs applications for community asset transfers (CAT). The Cabinet members confirmed that, “*all playing fields are now subject to formal expressions of interest from sports clubs or town and community councils, and asset transfers are at various stages of development*”.

Mae'r dudalen hon yn wag yn fwriadol

My Ref: T: Scrutiny/Correspondence/Cllr NH



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Date: 10 June 2019

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

Dear Councillor Bradbury,

Sport in Cardiff

Thank you for attending Economy & Culture Scrutiny Committee on 6 June 2019, along with Jon Maidment, Laura Williams (Sport Cardiff), Ben O'Connell (Cardiff Metropolitan University) and Tom Overton (Sport Wales) to discuss the above. I have sent a separate letter regarding the Economic Development Directorate Delivery Plan item.

With regard to the performance of Sport Cardiff in 2018-19, Members wish to pass on how impressed they are with its work to tackle social isolation, boost wellbeing and increase physical activity. It was reassuring to hear Sport Wales state that Sport Cardiff is doing a good job and we appreciate the qualitative information shared with Committee. We join with you in wishing to thank Sport Cardiff, partners and grassroots volunteers for all their work.

Members would like to receive quantitative information on the number of participants by gender, ethnicity and disability in 2018/19. We note previous comments that the number of overall engagements will have fallen following efforts made to increase the quality of engagements rather than maintain quantity.

With regard to the annual survey of schools, Members support the view expressed at the meeting that it would be beneficial to increase the number of primary and secondary schools that return the survey. In order to do this, Members recommend that sports officers work with central education services to ensure the wider benefits of survey completion are communicated to schools and, critically, school governors, including councillors; we can use our role to remind and encourage schools to participate.

Moving on to the future direction for Sport Cardiff, Members note the changing emphasis for Sport Wales, flowing from reducing resources and the requirements of the Wellbeing of Future Generations Act, and that Sport Cardiff will need to refocus

and restructure accordingly. Members wish to thank Sport Cardiff for early sight of the guiding principles shaping this and note that, whilst resources will be focused predominantly on the southern arc of Cardiff, there will still be resources available to respond to needs identified as of similar magnitude in other areas of Cardiff. We also note that the guiding principles will be used to refocus funding and that information will be shared with Councillors regarding surgeries to help with community chest applications. Members note that the performance measures used will change, to reflect the change in focus and to reflect lessons learnt to date on which types of measures are useful e.g. on-going project evaluation and outcomes measures.

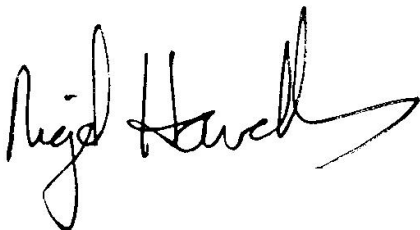
As part of the refocusing of Sport Cardiff, Members heard that there are opportunities to amplify the benefits of the links with Cardiff Metropolitan University; we are interested in hearing more on this. Members also note the intention to: rollout the family engagement programme; utilise resources available via the C21st school programme; and refocus the workforce, via upskilling and peer-to-peer support.

Members are very interested to hear more about the detailed proposals for restructure and service delivery. On 4 July 2019, we are due to discuss our work programme for this municipal year and I am sure scrutiny of this topic will be discussed.

Thanks again to you and all who attended with you for this very informative and interesting scrutiny. This letter requires a response, please, regarding the following:

- quantitative information on the number of participants by gender, ethnicity and disability in 2018-19;
- recommendation that sports officers work with central education services to ensure the wider benefits of survey completion are communicated to schools and, critically, school governors, including councillors; and
- further information on how the links between Sport Cardiff and Cardiff Metropolitan University can be amplified.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE

cc Members of the Economy & Culture Scrutiny Committee
Neil Hanratty Jon Maidment
Laura Williams – Sport Cardiff
Ben O’Connell – Cardiff Metropolitan University
Tom Overton – Sport Wales
Clair James Cabinet Support Office

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref: CM41726

Dyddiad / Date: 26th June 2019

Councillor Nigel Howells
C/O Member Services
County Hall
Atlantic Wharf
Butetown
Cardiff
CF10 4UW



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Annwyl/Dear Nigel

Scrutiny - Cardiff Sport

Thank you for including this very important agenda item at your Scrutiny panel. I believe it was important to bring this forward in order for the panel members to get an early insight into the proposals for new ways of delivering sport and physical activity in the City through our Joint Venture with Cardiff Metropolitan University/Sport Cardiff.

The debate was intuitive and challenging and well received by Sport Cardiff and I. I hope that at year end we will be able to demonstrate much greater impact on habitual change towards Sport particularly for underrepresented groups and areas of the Southern Arc of the City.

I note the further information requested by Scrutiny and will forward the end of year report and monitoring figures for 18/19 which is currently being produced at the end of the month. In addition, we have subsequently met with the Director of Education to gain his support for improving the response rates to our School Sport Survey.

In terms of amplifying the good work of Sport Cardiff and the student opportunities, there is a proposal for Sport Cardiff to manage and deliver the full Met academy and Dragon Camp programme and will have an agenda item at the quarterly Senior Management Meeting chaired by the VC.

Thank you again for the opportunity to bring this item forward and I look forward to reporting back on the outcomes in due course.

ATEBWCH I / PLEASE REPLY TO :

Swyddfa Cymorth Y Cabinet / Cabinet Support Office, Ystafell / Room 518, Neuadd y Sir / County Hall
Glanfa'r Iwerydd / Atlantic Wharf , Caerdydd/Cardiff, CF10 4UW
Ffon / Tel: (029) 2087 2501

GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

WORKING FOR CARDIFF, WORKING FOR YOU

The Council welcomes correspondence in Welsh, English or bilingually. We will ensure that we communicate with you in the language of your choice, as long as you let us know which you prefer. Corresponding in Welsh will not lead to delay.

Tudalen 41



I trust the above information is of assistance, however should you require any further information, please contact Steve Morris, Sport Development Manager, Parks, Sport & Harbour Authority on Cardiff 2233 0235.

Yn gywir
Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Bradbury', with a long horizontal flourish extending to the right.

Y Cynghorydd / Councillor Councillor Peter Bradbury
Aelod Cabinet Dros Ddiwylliant a Hamdden
Cabinet Member for Culture & Leisure

**CYNGOR CAERDYDD
CARDIFF COUNCIL**

ECONOMY & CULTURE SCRUTINY COMMITTEE

5 NOVEMBER 2020

**LEISURE SERVICES CONTRACT (GLL - GREENWICH LEISURE LIMITED):
PRE-DECISION SCRUTINY**

Appendix 1 of this report is not for publication as it contains exempt information of the description contained in paragraphs 14 of part 4 and paragraphs 21 of part 5 of Schedule 12A of the Local Government Act 1972.

Purpose of the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet regarding its Leisure Services Contract with GLL (Greenwich Leisure Limited), which is due to be considered by Cabinet at their meeting on 19 November 2020.
2. Members should note that **Appendix 1** of the Cabinet report, at **Appendix A**, is 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 19 November 2020, the Cabinet will consider a report that sets out the impact of the coronavirus pandemic on the sustainability of the Council's leisure services contract with GLL and seeks cabinet approval to upgrade the risk rating to Corporate Red Risk and to review the contract to identify potential variations to improve contract sustainability.
4. During this scrutiny, Members have the opportunity to explore:
 - i) The consequences of the coronavirus pandemic on GLL's service provision;
 - ii) Whether there are any costs to the Council flowing from this;

- iii) The proposals to undertake a review and identify potential contract variations;
- iv) The consequences of this issue being deemed a Red Risk to the Council;
- v) The timeline and next steps for delivering potential contract variations;
- vi) 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 **Appendix 1**.
6. Members will hear from Councillor Peter Bradbury (Cabinet Member – Culture and Leisure), Steve Morris (Operational Manager – Sport, Leisure & Development) and Rhys Jones (Head of Service, Cardiff, GLL), who will be available to answer 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). The Council's Capital Ambition, Corporate Plan and Directorate Plans recognise this and commit the Council to working with partners to increase participation in sport and physical activity, improve health inequality and ensure sustainability of provision.
9. In December 2016, Cardiff Council and GLL (Greenwich Leisure Ltd) 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.

10. 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 and reduce health inequalities and to work with partners including community groups to ensure access and participation for all members of the community.

11. Until the coronavirus pandemic, GLL reported improved performance including increased attendances, refurbished leisure centres, achievement of quality award and demonstrable social impact value of over £14 million.

Issues identified in the Cabinet Report

12. The draft report to Cabinet entitled 'Leisure Services Contract (Greenwich Leisure Limited)' is attached at **Appendix A**, of which **points 15-27** outline the issues, which are:

- i) Covid-19 has had a significant impact on leisure services and it is expected that the leisure industry will take a significant period of time to recover to its pre-covid position;
- ii) The Council has provided 2 amounts of supplier relief to protect jobs and support the overall losses being incurred; £400,000 in May 2020, which has subsequently been reimbursed in full by Welsh Government; and £600,000 in October 2020, for which a claim for full reimbursement is being submitted to Welsh Government;

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

- iii) GLL forecast an additional £1.1 million is required till the end of 2020-21 to cover remaining losses;
- iv) GLL no longer has reserves to absorb the operating deficit caused by the coronavirus pandemic.

13. The report to Cabinet highlights that the above create 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.

14. At **point 21**, the report to Cabinet states that the Chief Executive of GLL has written to Cardiff Council's Chief Executive setting out the risks to the contract and seeking '*a collaborative solution to protect the long term sustainability of the service.*' This letter is attached at **Confidential Appendix 1**.

15. **Point 22** highlights that the financial situation of GLL presents a Red Risk to the Council.

16. At **point 23**, the report to Cabinet seeks approval for the Council and GLL to undertake a fundamental review to identify the greatest challenges and new opportunities and to consider potential variations to the current contract arrangements. The report stresses that these would be brought back for further scrutiny and Cabinet approval.

17. At **points 24 – 26**, the report to Cabinet sets out the Wales Audit Office's recent review of Leisure Services is likely to '*address the sustainability of the contract and the Council's approach to contract management and performance management.*' It states the Council has implemented a number of improvements to address these findings.

18. Financial Implications are set out in **Points 29-30** and include:

- i) That the Council cannot rely on the continuation of Government funding to cover losses incurred

- ii) That the Council and GLL need to consider changes needed to ensure continuation of leisure services
- iii) That the Council will need to identify financial resources before incurring any additional costs
- iv) That the financial impact of any decision needs to be considered as part of the 2021/22 budget setting process
- v) Any income assumptions will have risk due to unpredictability of customer demand and need to be reviewed carefully, with contingencies considered for events not in the control of the Council.

19. Legal Implications are at **Points 31-38** and include that detailed legal advice should be obtained during the process of exploring potential variations to contract, to ensure there is regard to the applicable legislation and equality and wellbeing duties.

Proposed Recommendations to Cabinet

20. The report to Cabinet contains the following recommendations:

- i) Note the current financial pressures associated with the Leisure Services contract with GLL arising from the COVID-19 pandemic.*
- ii) Authorise a review of the Leisure Services contract with GLL to identify potential variations to improve the long-term sustainability of the contract and protect service delivery and to report back to a future meeting of Cabinet for authority to proceed.*

Previous Scrutiny

21. This Committee has undertaken several scrutinies relevant to this report, including:

- i) 2014 – an Inquiry into ‘*Alternative Operating Models in Leisure and Cultural Venues*’ Inquiry, including providing views on the process of procurement and evaluation principles;
- ii) 2015- commenting on the Leisure Service requirement specifications, part of the competitive dialogue process

- iii) 2017 - Committee Members scrutinised the first year of operation of the partnership, testing contract management, performance levels, and whether there were any changes to the Council's commitments and risks. Members were keen to test whether the partnership was meeting the needs of Cardiff citizens and communities. The Chair, Councillor Howells, issued a press release seeking the views of citizens of Cardiff on how the leisure centres were being run. Responses were received from over 70 residents, with responses collated and shared with Committee Members and the partnership. At the meeting, Committee Members used these responses to frame lines of enquiry with the partnership. Following the meeting, Members requested and received details of the GLL User Survey and Usage profiles broken down by age, disability, ethnicity and gender.
- iv) 2019 – Members scrutinise the ongoing performance, focusing on participation and usage rates, capital programme, use by public sector organisations, planned changes to services, any whether there were any changes to the Council's commitments and risks. Overall, Members were pleased with the progress made in improving participation and usage rates, increased customer satisfaction and progress in delivering capital programme improvements. Members noted that work was on track for there to be zero subsidy from the Council by 2019/20 and that no new commitments or risks to the Council had been identified.
- v) 2020 – the previous item at this meeting – Agenda Item 4 – explores the impact of the coronavirus pandemic on leisure and youth sports, and includes evidence relevant to this scrutiny, including actions taken by GLL to reduce costs, how other local authorities have supported GLL and recent press reports that GLL are considering redundancies in Cardiff.

Way Forward

22. Councillor Peter Bradbury (Cabinet Member – Culture and Leisure) will be invited to make a statement. Steve Morris (Operational Manager – Sport, Leisure and Development) and Rhys Jones (Head of Service, Cardiff GLL) will also attend to answer Members' questions.
23. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendix 1**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

24. 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

25. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct 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 19 November 2020; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

30 October 2020

LEISURE SERVICES CONTRACT (GREENWICH LEISURE LIMITED)

CULTURE & LEISURE (COUNCILLOR PETER BRADBURY)

AGENDA ITEM:

Appendix 1 of this report is not for publication as it contains exempt information of the description contained in paragraphs 14 of part 4 and paragraphs 21 of part 5 of Schedule 12A of the Local Government Act 1972.

PORTFOLIO: CULTURE & LEISURE

Reason for this Report

1. To update Cabinet on the impacts of the COVID-19 pandemic on the delivery of the Leisure Services Contract with GLL.
2. To escalate to Cabinet a corporate red risk relating to the long-term sustainability of the contract and continuity of service provision.
3. To seek Cabinet approval to review the Leisure Service contract with GLL to identify potential contract variations that could help improve the long-term sustainability of the agreement and protect service provision. Any proposals would seek approval at a future Cabinet meeting.

Background

4. In 2016 the Council entered into a long term (15 year) contract with Greenwich Leisure Ltd to manage eight leisure and community facilities, these being:
 - Llanishen Leisure Centre
 - Pentwyn Leisure Centre
 - Fairwater Leisure Centre
 - Western Leisure Centre
 - Eastern Leisure Centre
 - Maindy Centre
 - STAR Hub

- Penylan Library and Community Centre

The opportunity was secured through a competitive process and the contract commenced on December 1st 2016.

5. Two of the above centres have a dual use operation with the Council's Library Service namely, STAR Hub and Penylan Library and Community Centre.
6. 156 employees (49 FTE) were transferred under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). Terms and Conditions were protected on transfer and adhere to the Welsh Workforce Code of Practice.
7. The Council retains ownership of the facilities as part of the contract and on award a sum of £3.465m Capital Funding was made available to secure improvements to increase attendances, drive income and realise energy efficiencies.
8. GLL created the Cardiff budget on the basis of an initial operating deficit which was underwritten from surpluses on better performing contracts throughout their United Kingdom portfolio. Their aim was to reduce the deficit in the early years of the contract through a combination of capital investment, efficiencies and income generation.
9. The Council appointed a "Client" team to oversee the contract, monitor and ensure compliance with the Service Specification. A series of regular meetings have been put in place which form part of the overall governance structure, as follows;
 - Operational – Weekly
 - Performance – Quarterly
 - Project Liaison Board - Quarterly
10. The partnership has enabled the Council to eliminate its previous annual subsidy for these facilities amounting to circa £3.5m per annum whilst keeping all of the centres open to the public. The removal of subsidy was achieved within three years of the commencement of the contract. The contract has also secured capital investment, protected jobs and ultimately delivered value for money at a time of unprecedented financial pressures.
11. Capital Ambition recognises the contribution that the Council's leisure and community facilities make across a wide range of portfolio areas contributing towards the Health and Well-being of Future Generations (Wales) Act 2015.
12. The Economic Development Directorate Delivery plan sets out its commitment to work with partners to develop strategic plans for the development of sport and physical activity from March 2020 that secure increases in participation, attract investment, improve health and inequality, and ensure sustainability of provision.

13. A number of targeted initiatives have been developed and implemented consistent with the commitment in the Economic Directorate Delivery Plan and include:
 - BME women-only swimming at STAR Hub and Maindy Centre
 - Fed and Read breakfast activity and learning clubs at STAR Hub and Western Leisure Centre
 - Disability specific swimming lessons and sessions at STAR
14. GLL reported positive performance metrics for 2019/20 that included;
 - Year-end attendances were up by 35,000 when compared with the previous financial year
 - Service improvements which included investment in the refurbishment of facilities at Fairwater Leisure Centre
 - Review and implementation of pool programmes to increase participation
 - Achievement of the industry standard “Quest Plus” quality award at five centres
 - Demonstration of social impact value of over £14m

Issues

15. COVID-19 has had a significant impact on the financial performance of the contract, which has seen a significant rise in the operating deficit between 2019/20 and 2020/21.
16. The Council has worked with GLL to prepare quarterly claims to Welsh Government for supplier relief and this is helping to bridge the gap to a certain extent. In May, supplier relief of £400k was provided upfront by the Council to protect jobs and support the overall losses being incurred. A further payment of £600k was made in October 2020. GLL has committed to working with the Council on an open book basis to enable a full claim for eligible losses to be made to the Welsh Government Hardship Fund covering the COVID-19 period.
17. The Council has been reimbursed for its first upfront payment and is currently preparing a second claim to cover the full eligible losses up to the end of October 2020, including the second advance of £600k made by the Council. Over and above the claims to the end of October, GLL forecasts indicate that a minimum of an additional £1.1 million will be required up until the end of the 2020/21 financial year to cover remaining losses.
18. Whilst the supplier relief payments have helped to keep staff employed in the short term, GLL no longer has the reserves from their UK wide activities to continue to absorb any operating deficit. Furthermore, it is anticipated by the sector that it will take a significant period of time after

COVID restrictions are lifted for the leisure sector to recover to its pre-COVID position. Therefore, it is inevitable that it will take even longer to grow the business, as originally planned, to a point where the initial operating deficit is eliminated. This creates significant pressure on the current contractual arrangements.

19. The impacts can be evidenced by the visible reduction in participation over the period of the pandemic as follows:
 - Average attendances in leisure and community centres have reduced by circa **50%** when comparing Q2 (2019/20) with Q2 (2020/21).
 - **20%** of direct-debit memberships were cancelled on lockdown in March 2020.
 - New membership sales for September 2020 were **23%** lower than when compared with September 2019.
 - Swim School attendance was **54%** lower for Q2 (2020/21) when compared with Q2 (2019/20).
20. GLL also face significant challenges in Cardiff due to the competition of an increasing number of private sector gyms, leisure and spa facilities and community schools offering access to sports facilities.
21. In September 2020, the Chief Executive of GLL wrote to the Chief Executive of Cardiff Council (see Confidential Appendix 1) setting out the risks presented by the COVID-19 pandemic to the Cardiff contract and seeking a collaborative solution to protect the long-term sustainability of the service.
22. The financial predicament GLL currently finds itself in represents a significant red risk to the Council, which needs to be brought to the attention Cabinet. As part of this process, the issue will be presented and discussed with the Economic & Culture Scrutiny committee to ensure members more widely have sight of the issues.
23. It is proposed through this report that the Council and GLL together undertake a review of all facilities and operations across the portfolio, to identify where the greatest challenges exist and to consider new opportunities for innovation and modernising operating models, to attract investment, increase participation and ensure the long-term sustainability of the service. Any proposed variations to current contract arrangements will be presented back to a future meeting of Cabinet, including consideration by the Economic & Culture Scrutiny committee, for authority to proceed before implementation.
24. In 2019/20 Audit Wales undertook a review of Leisure Services in Cardiff to determine if the Council's approach to leisure services supports the achievement of its well-being goals, and delivers value for money. This followed on from the Auditor General for Wales Report of 2015, 'Delivering with Less – Leisure Services'. The final report is due to be received during Q3 2020 and it is anticipated that it will address the

sustainability of the contract and the Council's approach to contract management and performance management.

25. Through the process of undertaking the Audit Wales review, the Council has recognised opportunities to better integrate the management of the GLL contract within the Council's performance management framework. Before this, the contract had been largely managed as a separate programme with the main political interface provided through the quarterly Project Liaison Board meetings, chaired by the Cabinet Member for Culture and Leisure and also attended by the Cabinet Member for Finance, Modernisation and Performance.
26. In order to strengthen the Council's management of the contract, a number of improvements have recently been implemented:
 - The production of a transformation plan to innovate, modernise and operate a more community focussed and sustainable service provision aligned to Capital Ambition
 - A review of the Service Specification and performance measures aligned to Capital Ambition
 - The development of Social Value indicators
 - The inclusion of new steps in the Corporate Plan with progress reported as part of the Council's corporate performance management framework and risks monitored through the Council's corporate risk management framework
 - A commitment to taking an annual report to the Economy and Culture Scrutiny Committee.
27. Given the pressures arising from the COVID-19 pandemic, this report seeks to escalate the risk to the delivery of the Council's Leisure Services from a directorate level red risk to a corporate level red risk.

Reason for Recommendations

28. To enable mitigations to ensure the long-term sustainability of the Leisure Services contract with GLL.

Financial Implications

29. Currently, the Council is able to claim to Welsh Government LA Hardship fund in respect to financial loss of income incurred by GLL as a result of the pandemic. This position cannot be relied upon to continue and there will be a need for the Council and the contractor to consider the changes needed in order to ensure leisure services can continue to be delivered once the pandemic has reduced in severity. In considering the changes proposed, any additional costs taken by the Council will result in financial resources needing to be identified prior to any action being taken. The

financial impact of any decision needs to be considered as part of the 2021/22 budgetary Setting process.

30. Any reliance on income will be considered to have a level of risk associated with it as a result of the unpredictability of the customer demand for these services going forward particularly for the next twelve months. Any income assumptions will need to be reviewed carefully and contingencies considered for events not in the control of the Council.

Legal Implications

31. The recommendations in the report do not raise any direct legal implications. The report merely asks Cabinet to note the financial position on the GLL contract and to seek permission to explore/ identify potential options that may help with the long-term sustainability of the contract with GLL. As regards the second recommendation, in exploring the potential options, the Council should have regard to the applicable legislation and the equality and well-being duties. Detailed legal advice should be obtained from legal services in relation to the matter.

Equalities Duties

32. In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. 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.

Well Being of Future Generations (Wales) Act 2015

33. 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.
34. 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. 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.

35. 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
36. 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>

General

37. The decision maker should be satisfied that the decision is in accordance within the financial and budgetary policy.
38. The decision maker should also have regard to, when making its decision, to the Council's wider obligations under the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

Human Resources Implications

39. There are no HR implications arising directly from this report. HR will be fully involved in any review of the contract so that any staffing matters are able to be considered as part of any future reports.

Property Implications

40. There are no specific property implications arising from the proposal to approve a review the Leisure Service contract with GLL in respect of the eight Leisure Centres.
41. Any resultant land transactions, negotiations or valuations required in respect of contract variations, including land and property requirements for any disposal or replacement of existing facilities, should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

RECOMMENDATIONS

Cabinet is recommend to:

- i) Note the current financial pressures associated with the Leisure Services contract with GLL arising from the COVID-19 pandemic.
- ii) Authorise a review of the Leisure Services contract with GLL to identify potential variations to improve the long-term sustainability of the contract and protect service delivery and to report back to a future meeting of Cabinet for authority to proceed.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development

The following appendices are attached:

- Confidential Appendix 1 – Correspondence from GLL CEX

Yn rhinwedd paragraff (au) 14, 21 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

**CYNGOR CAERDYDD
CARDIFF COUNCIL****ECONOMY & CULTURE SCRUTINY COMMITTEE****5 NOVEMBER 2020**

**CARDIFF CAPITAL REGION CITY DEAL JOINT OVERVIEW & SCRUTINY
COMMITTEE: UPDATE**

Background

1. This report provides Members with an update on meetings of the Cardiff Capital Region City Deal (CCRCD) Cabinet since September 2020 and details of the CCRCD Joint Overview & Scrutiny Committee (JOSC).
2. Members have received updates and hyperlinks to meeting papers and minutes for previous meetings, with the last update provided at Committee on 14 September 2020.

CCRCD Cabinet

3. The CCRCD Cabinet met remotely on 14 September 2020 and 19 October 2020. The agendas and papers for these meetings are available here:
<https://www.cardiffcapitalregion.wales/documents/>
4. The meetings considered the following items:

14 September 2020

- Quarter 1 Performance
- Month 4 Monitoring
- Homes for All the Region
- Challenge Fund – Rebuilding Local Wealth Post-Covid-19
- Regional Business Council Review
- Gateway Review
- Investment Panel

19 October 2020

- Regional Economic Growth Partnership
- Challenge Fund – Rebuilding Local Wealth Post-Covid-19
- Exempt Items:

- Strength in Places – Front of House, Cyber Wales & West, Clwstwr Creative,
- Investment Panel

Joint Overview & Scrutiny Committee (JOSC)

5. The last meeting of the JOSC was held on 11 September 2020, remotely.

The agenda and papers are available here:

<https://www.rctcbc.gov.uk/EN/Council/CouncillorsCommitteesandMeetings/Meetings/CardiffCapitalRegionCityDealJointOverviewandScrutinyCommittee/2020/09/11/CardiffCapitalRegionCityDealJointOverviewandScrutinyCommittee11Sep2020.aspx>

6. The meeting considered the following items:

- a. Governance Arrangements re JOSC
- b. CCRCD Status Update Report March – September 2020

7. At the meeting, Members agreed to hold a workshop to discuss further the governance arrangements of the JOSC, including terms of reference and quorum arrangements. This workshop is being held on 13 November 2020 and will include a discussion on the Forward Work Programme. To support the Forward Work Programme discussion, Members will receive a presentation from the Regional Skills Partnership team.

8. The next meeting is scheduled to be held on 4 December 2020.

Way Forward

11. During their meeting, Members will have the opportunity to note the update provided re the CCRCD Cabinet and Joint Overview and Scrutiny Committee. Members will be able to bear this information in mind when discussing their work programme for the remainder of 2020/21.

Legal Implications

12. 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

13. 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.

RECOMMENDATIONS

The Committee is recommended to note the update provided on the CCRCD Cabinet and Joint Overview and Scrutiny Committee.

Davina Fiore

Director - Governance and Legal Services

30 October 2020

Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD
CARDIFF COUNCIL****ECONOMY & CULTURE SCRUTINY COMMITTEE****5 NOVEMBER 2020**

CORRESPONDENCE REPORT

Background

1. Following most Committee meetings, the Chair writes a letter to the relevant Cabinet Member or officer, summing up the Committee's comments and recommendations regarding the issues considered.
2. At the Committee meeting on 13 October 2020, Members received a report detailing the correspondence sent and received up to that meeting. Correspondence was sent following that meeting and the current position is set out below:
 - i. *Confidential Response Required* – from Councillor Goodway to the Chair's Confidential Letter regarding Land at James Street and Callaghan Square, considered at Committee on 12 March 2020;
 - ii. *Response Required* - from Councillor Wild to the Chair's letter regarding Castle Street Closure, considered at Committee on 13 October 2020;
 - iii. *Response Received* – from Councillor Bradbury to the Chair's letter regarding Playground Areas Refurbishment.
3. Copies of the public Chair's letters and responses received can be found on the Council's website page for the relevant Committee meeting, with a hyperlink provided at the top of the page, entitled '*correspondence following the committee meeting*'. Copies of confidential letters have been shared with Committee Members, on a confidential basis.

Way Forward

4. During their meeting, Members will have the opportunity to reflect on the correspondence update.

Legal Implications

5. 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

6. 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. 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 reflect on the update on committee correspondence.

Davina Fiore

Director - Governance and Legal Services

30 October 2020

Mae'r dudalen hon yn wag yn fwriadol