

**LEISURE MANAGEMENT PARTNERSHIP: DELIVERY UPDATE**

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**Purpose of the Report**

1. To provide Members with the opportunity to scrutinise progress in delivering the Leisure Centre Management Partnership between the Council and GLL (Greenwich Leisure Limited).

**Scope of Scrutiny**

2. The scope of the scrutiny is to scrutinise the performance of the Council and GLL over the last year in the delivery of leisure centre services covered by the Leisure Centre Management Partnership contract. At their work programming forum meeting on 26 July 2021, Members highlighted that they wished to undertake an annual performance review of the contract with GLL, as they have done previously and as requested by the Cabinet Member, Councillor Peter Bradbury.
3. This scrutiny will focus on the following aspects:
  - a. Impact of the covid pandemic
  - b. Participation and usage rates – memberships, visits, swim school
  - c. Capital programme – works completed, underway & scheduled
  - d. Customer Satisfaction & Quality Systems
  - e. Staffing – sickness rates, training, reviews
  - f. Any changes to the Council's commitments
  - g. Any risks to the Council.
4. To enable Members to see the impact of the covid pandemic, the presentation will present 2021 year to date versus 2019 data.

## Background

5. The new partnership arrangement with GLL commenced in December 2016, with a formal contract between the Council and GLL. This includes a service specification (known as the Descriptive Document) that covers governance arrangements, the approach to partnership working, opening hours, community benefits, pricing, incentives, catering & vending, customer care & satisfaction, promotion & marketing, quality management & continuous improvement, managing change, managing people and facilities management.
6. The contract covers the following leisure centres:
  - Llanishen Leisure Centre
  - Eastern Leisure Centre
  - Fairwater Leisure Centre
  - Western Leisure Centre
  - Pentwyn Leisure Centre
  - Maindy Leisure Centre
  - STAR (Splott)
  - Penylan Library and Community Centre <sup>1</sup>
7. The contract includes the reduction of the Council subsidy paid to leisure services. At the time of the procurement, the total net paid by the Council towards leisure services was circa £3.268m (15/16 outturn).
8. The contract provides the following advantages:
  - Surety of future financial costs to the Council re leisure services
  - Significantly reduced financial risk for the Council
  - Contractor bearing financial risks in relation to utilities, delivery of investment opportunities, achievement of income targets and maintenance of facilities (with the exception of structure and roofs).
  - Greater certainty re the delivery of specified services within a contractual framework, protecting the ongoing operation of each facility and maintaining jobs.

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<sup>1</sup> Penylan Library and Community Centre included in contract as it hosts a gym

- Robust investment plan for capital investment into facilities
- Contractor commitment to the achievement of QUEST, the leisure industry quality standard, across the portfolio, which will improve the quality of facilities and services.

## Capital Investment

9. As part of the Contract, the Council agreed to make available a sum of £3.5 million of invest-to-save funding for the transferred leisure sites. The Month 6 2021/22 budget monitoring report to Cabinet states the remaining balance is £465,000. Expenditure of £152,000 is forecast during the year, for Western Leisure Centre air handling unit, gym and studio refurbishment and LED lighting upgrades at Western and Fairwater Leisure Centres. This results in slippage of £313,000 into 2022/23.
10. In addition, the Month 6 budget monitoring report to Cabinet states:
 

*'A property asset renewal budget of £515,000 has been allocated to replace further sections of the sports hall roof at Western Leisure Centre in order to urgently address water ingress'*
11. The Month 6 budget monitoring report also provides the following update re Pentwyn Leisure Centre:
 

*'The budget in 2021/22 for the redevelopment of Pentwyn Leisure Centre is £1.5 million which, subject to approval of a business case, will be funded on an invest to save basis. Procurement of a professional team is underway, and the contract is due to be awarded by the end of November 2021. Design and submission of a planning application is to be submitted by the end of December with an aim for approval by March 2022 and contractor procurement is expected to commence in January/February 2022. Construction is anticipated to commence in June 2022, spanning a period of 12 months. Expenditure in this year is projected to be £500,000 with slippage of £1 million into 2022/23.'*

## Monitoring Information

12. To inform this scrutiny, the partnership has been asked to provide usage and participation data, with comparative data from 2019, including the following information:
  - Renewal rates and membership rates
  - Number of individuals using centres
  - Overall number of visits
  - Information re membership and usage broken down by service user profiles including age, gender, and ethnicity.
13. The partnership has also been asked to provide an update on the capital programme and customer satisfaction rates.
14. The above information is being provided in a presentation to the Committee, which will be circulated to Committee Members prior to the meeting.

## Previous Scrutiny

15. In **December 2017**, Committee Members scrutinised the first year of operation of the partnership. 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, the Chair wrote to Councillor Peter Bradbury (Cabinet Member for Culture and Leisure) requesting details of the GLL User Survey and Usage profiles broken down by age, disability, ethnicity, and gender. These were supplied in the response from Councillor Bradbury.
16. In **January 2019**, Members scrutinised progress by GLL in delivering against contract, focusing on participation and usage rates, capital programme, use by public sector organisations, planned changes to services, and 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.

17. In **November 2020**, this Committee considered the impact of the coronavirus pandemic on leisure services in Cardiff and carried out pre-decision scrutiny of a report to Cabinet on the contract with GLL. In the resulting Chair's letters Members recognised the impact of the coronavirus pandemic on GLL and the whole of the leisure sector and reiterated their support for leisure and sport activities. Full copies of the letters are attached at **Appendices A and B**.
18. In **March 2021**, Members undertook pre-decision scrutiny of a report to Cabinet that sought Cabinet approval, in principle, to vary the Leisure Services contract with GLL, in respect of Pentwyn Leisure Centre and removal of the Velodrome facility from Maindy Leisure Centre. The report also highlighted changes to service specifications from April 2021 and changes to capital programme.
19. The following changes to service specification were due to commence 1 April 2021:
  - i) Removal of receptionists to be replaced by a concierge type service
  - ii) Cashless automated payments only
  - iii) Turnstile entry
  - iv) Targeted programming aligned to the emerging strategy and in response to the Wellbeing of Future Generations Act
  - v) Revised opening hours to reflect the needs of the community each centre serves.
20. The report to Cabinet was clear that whilst removing the velodrome creates an operational deficit at Maindy Leisure Centre for GLL, this will be offset by the removal of the Pentwyn Leisure Centre deficit. The report to Cabinet also stated that there may be an issue with GLL's ability to repay capital recently invested and that therefore authority was sought to freeze the current programme of

investment until the issue has been fully considered. Following this scrutiny, the Chair wrote a confidential letter to Councillor Peter Bradbury, Cabinet Member – Culture & Leisure; this letter has been re-circulated to all committee members ahead of this meeting.

### **Way Forward**

21. Councillor Peter Bradbury (Cabinet Member for Culture and Leisure) has been invited and may wish to give a statement. Jamie Coleshill (GLL – Regional Director) and Rhys Jones (GLL, Head of Service - Cardiff) have been invited to give a presentation. They, along with Neil Hanratty (Director of Economic Development) and Steve Morris (Operational Manager, Sport, Leisure & Development) will be in attendance to answer Members queries.
  
22. At the meeting, Members will have the opportunity to question the panel about the impact of the covid pandemic on service provision as well as reviewing overall contract management issues, including whether the partnership is performing, whether it is meeting the needs of Cardiff citizens and communities and whether there are any changes to the Council's commitments and risks. Members will also be able to explore the capital programme.

### **Legal Implications**

23. 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**

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 financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

### **RECOMMENDATION**

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

**Davina Fiore**

**Director of Governance and Legal Services**

**7 December 2021**