

Leisure Services Follow-up Review – Cardiff Council

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Summary report

Summary

What we reviewed and why

- 1 In October 2020, we reported to Cardiff Council (the Council) our findings from our review of the leisure services provided by Greenwich Leisure Ltd (GLL) and how they contributed to the achievement of the Council's well-being objectives as described in the Council's Corporate Plan, Delivering Capital Ambition.
- 2 The findings from that review¹ were based on fieldwork that we undertook prior to the COVID-19 pandemic. At that time, we concluded the Council had achieved its key aim of keeping its leisure centres open but there was significant scope for the Council to better apply the sustainable development principle and strengthen its arrangements to assure itself that its contract with GLL was delivering value for money.
- 3 We undertook a follow-up review during April and May 2022 to assess the Council's progress in addressing the six proposals for improvement we made in our 2020 report.

What we found

- 4 As set out in **Exhibit 1** below, we found that the Council has met two of the six proposals for improvement and partially met the remainder.
- 5 Further detail about our assessment of the Council's progress in addressing each of our proposals for improvement is set out in **Appendix 1**.
- 6 The summary report provides an overview of our findings.

Exhibit 1: our assessment of the Council's progress in meeting the proposals for improvement in our 2020 report

Proposals for improvement	Audit Wales assessment of the Council's progress
The Council should: PFI 1: Establish a clear strategy, vision and priorities for its leisure services which incorporates consideration of the WFG Act.	Partially met

¹ [Cardiff Council – Review of Leisure Services | Audit Wales](#)

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

Proposals for improvement	Audit Wales assessment of the Council's progress
PFI 6: Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.	Partially met

- 7 Overall, we found that the Council has made swift and good progress addressing our proposals for improvement, but needs to do more to ensure the sustainable development principle fully drives future leisure provision. We reached this conclusion because:
- the Council has met two of the six proposals for improvement, and partially met the remainder.
 - there is now a clear leisure vision for the city supported by a five-year strategy. There was some consideration of the sustainable development principle when developing the strategy, particularly integration and collaboration. However, there was limited involvement of the wider population and weaknesses in how the Council considered equalities when it adopted the strategy.
 - the Council commissioned a review of the GLL contract and is actively considering changes to specific elements of the contract.
 - there has been stronger application of the sustainable development principle, but the Council should maximise its GLL contract management arrangements to ensure services are fully shaped by this principle.
 - the Council has strengthened its governance and oversight arrangements of the GLL contract;
 - the Council is now monitoring the GLL contract through its corporate risk management processes. However, it needs to assure itself that it has effective actions to mitigate the risk of the contract failing.
 - GLL performance reporting to members has improved, however, financial information remains limited.
- 8 We focused on the Council's progress against our previous proposals for improvement. We have made further recommendations as set out in **Exhibit 2** below. Some of these recommendations relate to our original recommendations, but others relate to findings that came to our attention during our follow-up review.

Recommendations

Exhibit 2: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
R1	Strengthening the application of the sustainable development principle The Council should more fully apply the sustainable development principle by: <ul style="list-style-type: none">• involving the diversity of its population in the design of future leisure service delivery; and• maximising its contract management arrangements with GLL to formalise how the sustainable development principle fully drives the services provided by GLL.
R2	Delivery and monitoring of the Physical Activity and Sport strategy <ul style="list-style-type: none">• Recognising the whole organisation approach needed to help deliver the strategy, the Council should ensure relevant future Directorate Delivery Plans incorporate key actions and measures. These should be monitored as part of the Council's routine performance management arrangements.
R3	GLL monitoring reporting to scrutiny committee <ul style="list-style-type: none">• The Council should report to the Economy and Culture scrutiny committee GLL's medium-term financial forecasting in future GLL monitoring reports.
R4	Equalities Impact Assessment The Council needs to comply with their Equality and Inclusion Strategy 2020-24 by completing an Equality Impact Assessment for the Physical Activity and Sport Strategy. This will ensure the Council: <ul style="list-style-type: none">• demonstrates due regard for the provisions of the Public Sector Equality Duty;• identifies possible negative impacts of decisions on individuals and groups with protected characteristics and plan smitigating action accordingly; and• identifies additional opportunities to advance equality within policies, strategies, and services.

Recommendations

R5 GLL contract risk management arrangements

- The Council needs to assure itself that it has effective actions to mitigate the risk of the GLL contract failing, including exploring different service delivery options as a contingency.
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R6 Options Appraisal

- The Council needs to provide members with the full breadth of performance and financial information on the different options presented to them, to help members make informed decisions.

The Council has made swift and good progress addressing our proposals for improvement, but needs to do more to ensure the sustainable development principle fully drives future leisure provision

- 9 Since we concluded our original review of Leisure Services provided by GLL, public services have had to respond to the COVID-19 global pandemic. This greatly affected how public bodies, including leisure services, provided their services. During lockdowns in 2020 and 2021, many services temporarily closed or changed delivery methods. At the time of the fieldwork for this follow-up review, virtually all restrictions had been lifted and facilities and buildings had re-opened.
- 10 Like all leisure services across the UK, GLL and the Council were dealing with significant challenges created by the pandemic. The Council supported GLL in accessing the Welsh Government's Hardship Fund. As GLL and the Council emerge from dealing with these challenges, they are developing an approach to financially recover from the pandemic and plan for the future. Like other organisations, they are also now having to respond to other pressures including increased energy costs and cost of living pressures.
- 11 Our follow-up review recognises the Council's progress in addressing our proposals for improvements against this backdrop. It is positive that our follow-up review has found that the Council quickly responded to our proposals for improvement and is making good progress in addressing them.
- 12 The Council established arrangements to monitor progress against our proposals for improvement via an Audit Wales leisure tracker. Progress is reported to Cabinet and the Economy and Culture Scrutiny committee. This provides an opportunity for members to challenge the Council's progress. Our assessment of the Council's progress with each of our proposals for improvement is set out in **Appendix 1**. We set out some broader findings from our review below.
- 13 During our follow-up review, we found some weaknesses with the Council's application of its Equality and Inclusion Strategy 2020-2024. We found that when the Council adopted the Public Services Board (PSB) Physical Activity and Sport Strategy (PASS) on 20 January 2022, it did so without considering an equality impact assessment (EIA) of the PASS. The Council's Equality and Inclusion Strategy 2020-2024 states 'it is good practice when developing a policy or strategy or a new initiative to anticipate the likely effects it may have and to take steps to prevent or minimise any likely harmful effects especially on persons who share any of the characteristics that are protected under the Equality Act'. We note that the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 require the Council to make arrangements for impact assessments that it considers appropriate, which means that the Council has considerable discretion in its approach. We also note that the PASS intends to support the PSB's Move More, Eat Well plan. The PSB

did consider an equality and health impact assessment of that plan. While the PASS was, therefore, developed with some regard for equality duties, this was not conveyed to Cabinet when it adopted the plan.

- 14 At the time of our fieldwork, the Council informed us they were preparing an EIA. However, we have not received this. Doing an EIA should allow the implementation of the PASS and any revision of it to be informed by local community engagement to help identify likely impacts and barriers. This could help address causes of low physical activity among groups with protected characteristics. It would also help the Council demonstrate its consideration of the sustainable development principle 'involvement' way of working.
- 15 We also found limited evidence the Council assured itself that it fully considered the Well-being of Future Generations Act when Cabinet adopted the PASS. A full consideration of the Act can bring wider benefits, better outcomes and ensure opportunities in considering future needs and trends are not missed.
- 16 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 (the Act) we recognised that it would take time for public bodies to embed the sustainable development principle. We have set out our expectation that over the medium term we expect public bodies to demonstrate how the Act is shaping what they do. It is now seven years since the Act was passed and we are into the second reporting period for the Act. Therefore, we now expect public bodies to demonstrate that the Act is integral to their thinking and genuinely shaping what they do. Whilst we found the Council has strengthened its application of the sustainable development principle, it is not yet fully driving leisure services provided through the GLL contract.

Appendix 1

Audit Wales assessment of progress against the proposals for improvement in our 2020 report

Exhibit 3: assessment of the Council's progress in addressing our 2020 proposals for improvement

2020 Proposals for Improvement	Audit Wales's assessment of the Council's progress
<p>PFI 1: Establish a clear strategy, vision and priorities for its leisure services which incorporates consideration of the WFG Act.</p>	<p>Partially met</p> <p>There is now a clear leisure vision for the city supported by a five-year strategy. There was some consideration of the sustainable development principle when developing the strategy, particularly integration and collaboration. However, there was limited involvement of the wider population and weaknesses in how the Council considered equalities when it adopted the strategy:</p> <ul style="list-style-type: none">• there is now a Physical Activity and Sport Strategy (PASS) for the City of Cardiff endorsed by Cabinet in January 2022 with a clear vision: 'Cardiff is the best city in the UK to be physically active, from walking, cycling and activity in daily life through to internationally-renowned sport.' It is a Public Services Board (PSB) strategy with a clear vision to help shape the Council's sports and leisure services.• there was a collaborative approach to developing the PASS. Sport Cardiff took a lead role and established a strategy development group. This group involved Cardiff Council, Cardiff Metropolitan University, Cardiff and Vale University Health Board, and Public Health Wales. Greenwich Leisure Limited (GLL) was also involved in developing the strategy.• to support the development of the PASS, funding was secured from Public Health Wales to appoint a consultant to work with the strategy development group.• in developing the PASS, workshops were held with a cross-section of partners, stakeholders and third sector organisations. However, the Council has not provided us with detail on the

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Audit Wales's assessment of the Council's progress

workshops, such as the partners attending, whether they reflect the diverse population of Cardiff, their contributions and how their involvement helped shape the final PASS. Therefore, we have not received sufficient evidence to gain assurance that the full diversity of the population was represented in driving and shaping the strategy.

- in January 2022, when Cabinet endorsed the PASS, there was no Equality Impact Assessment (EIA) presented to Cabinet at that time. The Council's Equality and Inclusion Strategy 2020-2024 states 'it is good practice when developing a policy or strategy or a new initiative to anticipate the likely effects it may have and to take steps to prevent or minimise any likely harmful effects especially on persons who share any of the characteristics that are protected under the Equality Act'. In addition, having an EIA will 'enable the Council to:
 - demonstrate due regard for the provisions of the Public Sector Equality Duty;
 - identify possible negative impacts of decisions on individuals and groups with protected characteristics and plan mitigating action accordingly; and
 - identify additional opportunities to advance equality within policies, strategies, and Services'.
- the Council has, therefore, not followed its own Equality and Inclusion Strategy in producing an EIA at the time Cabinet endorsed the PASS.
- the PASS clearly aligns with the Global Action Plan for Physical Activity (GAPPA) developed by the World Health Organisation as well as Cardiff and the Vale Health Board and Public Health Wales's 'Move More, Eat Well 2020-2023' plan. There are four key action areas which underpin the vision in the PASS:
 - Active Environments
 - Active Societies
 - Active People
 - Active Systems
- at the time of our fieldwork, implementation plans for each of the four key action areas, including key performance indicators, milestones etc to support delivery of the vision and PASS were at an early stage of development. Finalising the implementation plans for each

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	<p>of the four key action areas will highlight the roles and responsibilities of each of the key stakeholders in delivering the actions. The PSB is leading on completing the action plans with considerable input from the Council and other stakeholders. At the time of our fieldwork, there were no clear timescales for completion of these plans.</p> <ul style="list-style-type: none"> • the Council recognises that it is not just the role of the leisure service to deliver the PASS, but other services should contribute. Once implementation plans are developed, the Council intends to incorporate relevant aspects of the PASS into its performance management arrangements with actions and performance indicators included in directorate delivery plans with reporting to members. This will be key for the Council to facilitate the whole organisation approach needed to implement the PASS. It will also be key to help the Council monitor and evaluate its contribution to deliver the PASS.
<p>PFI 2: Undertake a review of the GLL contract service specification to ensure it supports the delivery of the Council's priorities for its leisure services and its wider well-being objectives.</p>	<p>Met</p> <p>The Council commissioned a review of the GLL contract and is actively considering changes to specific elements of the contract:</p> <ul style="list-style-type: none"> • the Council commissioned the Local Partnerships Forum to review the GLL contract. The review focussed on: <ul style="list-style-type: none"> – long-term financial sustainability of the contract by reviewing the service specification and its ability to deliver a financially neutral position; – the Council's approach to integrated services and partnerships; – reviewing the current contract management processes and client function to assess their suitability and compare governance arrangements with other similar arrangements; and – considering the social value of leisure and the impact on wellbeing in light of the current arrangements and any impact on wellbeing as a result of changes to the service specification.

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- at the time of our fieldwork, the Local Partnerships Forum had provided the Council with its report containing 21 recommendations. The Economy and Culture scrutiny committee and Cabinet are due to consider the report in September 2022.
- GLL were fully involved in the Local Partnerships Forum review and have had sight of the final report and recommendations.
- Council finance officers were also well engaged with the Local Partnerships forum review, including scope setting and developing the terms of reference.
- the Council and GLL are revisiting GLL's performance indicators and identifying those more aligned to the Council's well-being goals. This will better demonstrate GLL's contribution and impact.
- in addition to the Local Partnerships Forum review, the Council is considering changing the GLL contract specification by removing Pentwyn Leisure Centre and the Velodrome at Maindy Leisure Centre.
- in March 2021, Cabinet approved these changes in principle. At that meeting, Cabinet was given four options relating to Pentwyn Leisure Centre: full closure, partial closure, upgrade facility, or transfer to another provider. The report states option four, 'transfer to another provider' provides the best opportunity for long-term sustainability. However, the report did not state the financial/performance implications of all four options, raising concerns about the robustness of the information provided to members. A robust options appraisal should provide the full breadth of information on the options presented to help members make an informed decision.
- at the time of our fieldwork, following the decision in principle by Cabinet, the Council was continuing to work on a business case to remove Pentwyn Leisure Centre from the contract. The Council recognises that altering the contract specification could affect any potential future contract changes. Rather than work to a specific timeframe, the Council are ensuring due diligence, with involvement from the Council's finance and legal teams to prepare a final business case before making a final decision.

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PFI 3: Consider how it can strengthen application of the sustainable development principle through the services delivered by GLL, including:

- adopt a more strategic approach to collaboration which ensures all organisations including Cardiff and the Vale Health Board/Public Health and the Third Sector are involved in planning and developing GLL and other leisure services at a local and regional level; and
- further integrate the planning and delivery of GLL Leisure Services with other public bodies and Council services, such as Education and Social Care; and
- listen to, and involve, service users in the development and delivery of GLL and other leisure services to ensure they represent the needs and aspirations of the full diversity of local communities they serve.

Audit Wales's assessment of the Council's progress

Partially met

There has been stronger application of the sustainable development principle, but the Council should maximise its GLL contract management arrangements to ensure services are fully shaped by this principle:

- GLL's involvement in developing the PASS provided GLL with access to several stakeholders across the city. GLL has subsequently contacted these stakeholders to explore potential partnership working.
- GLL has linked with the local health board and is working collaboratively in devising and designing multiple activity programmes to take place in leisure centres. GLL works with physiotherapists, dieticians and the neurological unit in offering preventative, early intervention or rehabilitation activities. GLL has upskilled staff and created a low-cost membership for those attending the activities to continue to use the leisure centres after their activity course has finished.
- GLL is actively involved in the NHS Escape Pain Programme. GLL is working with NHS professionals to help people be better prepared for hip and knee pain surgery.
- the GLL Contract manager is part of an NHS group looking at long COVID and looking at preventative and post-illness activities.
- since our original review, GLL is now more connected to other Council services. Examples include working with the strategic estates team on the decarbonisation agenda and working with the Youth Service.
- GLL and the Council proactively ensure their annual plans and GLL's five-year plan align with the Council's priorities, such as the decarbonisation agenda. Approximately 18 months ago, GLL and the Council reviewed the Council's Capital Ambition and Corporate Plan to ensure the work of GLL aligned to the wider corporate priorities.
- as set out in PFI4 below, the regular discussions between GLL and the Council present the Council with an opportunity to have more structured and formal consideration of the sustainable development principle with GLL and to gain assurance that GLL is fully applying

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	<p>the principle through delivery of its service. We have also raised concerns about the Council's application of its Equalities and Inclusion Strategy as per PFI 1 above.</p>
<p>PFI 4: Improve contract management arrangements to ensure there is robust and transparent monitoring of the delivery of the contract specification.</p>	<p>Met</p> <p>The Council has strengthened its governance and oversight arrangements of the GLL contract:</p> <ul style="list-style-type: none"> • there is a positive and respectful relationship between the Council and GLL. • in response to the pandemic, GLL and the Council established monthly finance meetings. These meetings are in addition to the routine contract management meetings. Both partners agreed to continue with these meetings after March 2022 when the Welsh Government Hardship Fund ended. Both GLL and the Council view these meetings as beneficial for the long-term financial sustainability of the contract. • since our original review, senior management has greater involvement in overseeing the monitoring of the GLL contract and receives improved financial information. The Project Liaison Board, which includes the Cabinet Members for Finance and for Leisure and Culture, previously received quarterly financial reports with year-end projections. These reports now also include financial projections for the next four to five years. These provide the Project Liaison Board with a better understanding of the medium-term view of the financial situation of the contract. • in addition, it is positive that the Head of Finance and an officer from the Council's Legal service are now members of the Project Liaison Board. This gives the Board timely access to corporate advice and expertise in these areas • in 2021, GLL and the Council established monthly senior managers' meetings to include: senior managers from GLL; the Council's Director for Economic Development; Head of Finance; Operational Manager, Sports, Leisure and Development; and the Head of Parks, Sport and Harbour Authority as well as a member of the Council's Legal team. This has

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served to strengthen communication between GLL and the Council. It provides an opportunity to discuss issues and risks, and consider the future provision provided by GLL.

- the structured monthly operational and quarterly contract monitoring meetings which were in place at the time of our original review remain. There is also less formal, frequent contact between GLL and the Council to discuss and address any urgent operational issues.
- overall, there are now many different opportunities for contract management and monitoring discussions between GLL and the Council. There are clear arrangements to talk through operational issues, immediate financial pressures, the medium to longer-term financial sustainability of the contract as well as risks, performance, service specification changes etc. In summary, these arrangements are:
 - Project Liaison Board
 - Monthly senior managers' meetings
 - Quarterly review partnership meetings
 - Monthly partnership meetings
- since our previous review, the priorities of both GLL and the Council have focussed on responding to the pandemic and the financial implications of leisure centre closures. More recently, there has been increased focus on rising energy costs. GLL monitoring reports to different contract monitoring meetings, and to the Economy and Culture scrutiny committee, detail useful information. Information includes the current, as well as 2019 usage participation rates and membership numbers at each leisure centre which affect income levels. This data clearly identifies GLL's current position compared to pre-pandemic levels.
- GLL is responding to the financial challenge of recovering from the pandemic by developing a three-phased approach to recovery: Restart, Rebuild and Back to Better. Each phase has income and expenditure targets which the Project Liaison Board monitors quarterly.
- as stated in section PF12 above, the Council commissioned the Local Partnerships Forum to carry out an independent review of the contract. One of the four areas for review was to 'review the current contract management processes and client function to assess its suitability and compare governance arrangements with other similar arrangements'. GLL

2020 Proposals for Improvement	Audit Wales's assessment of the Council's progress
	<p>was fully involved in this review and is aware of the recommendations. At the time of our fieldwork, members had not seen the Local Partnerships Forum report. It is due for Cabinet and Economy and Culture scrutiny committee consideration in September 2022.</p>
<p>PFI 5: Ensure that the Council effectively considers the long-term financial and wellbeing risks of the leisure contract in its corporate risk management processes.</p>	<p>Partially met</p> <p>The Council is now monitoring the GLL contract through its corporate risk management processes. However, it needs to assure itself that it has effective actions to mitigate the risk of the contract failing:</p> <ul style="list-style-type: none"> • in our 2020 report, we commented that it was positive that the relevant scrutiny committee been involved in reviewing the service provided by GLL. However, the committee had not been made aware of GLL's operating position, Internal Audit's critical report relating to the contract and there were no new risks relating to the GLL contract for the Council. • in the GLL annual monitoring presentation to the scrutiny committee in December 2021 and in the subsequent scrutiny committee correspondence to the Cabinet member, it was clear members were now aware of the risk relating to GLL income levels. • since our original review, the sustainability of the GLL contract is now included within the Economic Development directorate delivery plan and is rated as a red/amber risk on the directorate risk register. In addition, during quarter 4 2019-20, the directorate escalated this risk to the Senior Management Team. At the time of our review, it remained an escalated risk to the senior management team and in the 2022-23 Economic Development directorate delivery plan. • in line with the Council's risk management strategy, as it is a red-rated risk, the Director provides six-monthly updates on the GLL contract and related risk to the senior management team. • there are two actions in the Economic Development directorate delivery plan to address this risk. The two actions are: consider future funding requests from GLL; and implement the

2020 Proposals for Improvement	Audit Wales's assessment of the Council's progress
	<p>outcomes of the service specification review. The Council should complete a high-level assessment of different leisure service delivery options in the event the mitigating actions do not reduce the risk leading to the GLL contract failing. Currently, the Council is relying on these two mitigating actions to address a significant financial risk to the Council and has not formally considered other service delivery options.</p>
<p>PFI 6: Improve reporting arrangements to ensure members receive a full and timely account of contract performance which includes revenue/expenditure.</p>	<p>Partially met</p> <p>GLL performance reporting to members has improved, but financial information remains limited:</p> <ul style="list-style-type: none"> the Council's Economy and Culture Scrutiny committee continues to receive annual GLL monitoring reports. The committee received the latest monitoring report in December 2021 for the period January to November 2021. The presentation to the committee included current performance for each leisure centre compared to 2019 performance. This comparison highlighted the impact the pandemic has had on each leisure centre usage, participation rates and income levels. In addition, the monitoring report contains a brief narrative on how the leisure centres perform compared to the UK average. Committee members were engaged, open and supportive of how they can help GLL. In particular, raising awareness of the leisure centres to increase usage and be the conduit between GLL and local community groups. as stated in the PFI 5 section above, the scrutiny committee is now aware of a risk to GLL income levels. However, the scrutiny committee does not receive the medium-term financial forecast information which the Project Liaison Board receives. This would help the scrutiny committee have a broader understanding of the financial sustainability of the contract.



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