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**GLL - LEISURE CENTRE 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) and to explore progress in addressing relevant recommendations made by Audit Wales in October 2022 in the Follow-Up Review report on their investigation report on Leisure Services in Cardiff.

**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. As part of work programming, Members highlighted that they wished to undertake an annual performance review of the contract with GLL, as has been done by previous committees.
3. This scrutiny will focus on the following aspects:
  - a. Participation and usage rates – memberships, visits, renewals, service user profiles, customer satisfaction
  - b. Capital programme – works completed, underway & scheduled
  - c. Medium term financial forecast
  - d. Staffing – sickness rates, training, reviews
  - e. Any changes to the Council's commitments
  - f. Any risks to the Council
  - g. Response to Audit Wales Follow-Up Review.

## Background

4. The partnership arrangement with GLL commenced in December 2016, with a formal contract between the Council and GLL. The contract 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.
5. 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>
6. The contract enabled the Council to eliminate its subsidy of leisure services, which amounted to circa £3.5m per annum. GLL's proposal was to work to reduce the deficit and use surpluses from elsewhere in their UK portfolio to underwrite the initial operating deficit. Prior to the covid pandemic, GLL had made significant progress in reducing the operating deficit.
7. The Council retains ownership of the facilities and has landlord responsibility for maintaining the external fabric of the buildings. £3.465m capital funding was allocated at the outset of the contract to deliver improvements to leisure centres.
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

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

- 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.
- 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.

### **Impact of Covid Pandemic**

9. The covid pandemic resulted in a significant loss of income for GLL across their business. The WG hardship support enabled GLL to keep operating in Cardiff<sup>2</sup>. However, GLL no longer had a surplus from elsewhere to offset the operating deficit in Cardiff. In November 2020, Cabinet was informed the risk of contract failure had been escalated onto the Corporate Risk Register. Cabinet authorised a review of the contract to identify potential variations that would improve the long-term sustainability of the contract and protect service delivery.
10. In December 2020, Audit Wales released their investigation report on Leisure Services in Cardiff, which proposed a wider review of the contract. Consequently, the Council commissioned Local Partnerships to carry out an independent review.

### **Contract Variation**

11. In light of the impact of the covid pandemic, in March 2021 Cabinet agreed to vary the contract by removing Pentwyn Leisure Centre, which required the highest level of subsidy, on the basis that an alternative delivery model would ensure the centre remained open to the public. At the same time, GLL agreed to release the Maindy Cycle Track to support other Council objectives, with replacement provision proposed at the International Sports Village site.

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<sup>2</sup> £5.225 million WG Hardship Fund support for the period March 2021 – March 2022

12. At their meeting on 20 October 2022, Cabinet received a report detailing the Local Partnerships review, which identified that leisure centres were operating at around 90% of pre-pandemic income levels and that energy costs were accentuating the operating deficit.
13. On the basis of options put forward by the review, Cabinet approved in principle the following: a relief payment to GLL; that GLL could acquire energy through the Crown Commercial Service; and that leisure centre energy infrastructure be upgraded. Also, Cabinet agreed the approach to the modernisation and future operation of Pentwyn Leisure Centre; the Capital Programme 2023-24 contains the following:
  - Line 94- Pentwyn Leisure Centre Redevelopment - £3.694m indicative 2023-2028 – with no spend allocated for 2023/24.

### **Audit Wales Follow-Up Review**

14. In October 2022, Audit Wales published their Follow-Up Review report on their investigation report on Leisure Services in Cardiff, available [here](#). They made the following recommendations relevant to this scrutiny:

R1 strengthening the application of the sustainable development principle

*The Council should more fully apply the sustainable development principle by maximising its contract management arrangements with GLL to formalise how the sustainable development principle fully drives the services provided by GLL.*

R3 GLL monitoring reporting to scrutiny committee

*The Council should report to the Economy and Culture scrutiny committee GLL's medium-term financial forecasting in future GLL monitoring reports.*

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.*

15. Members are able to explore progress with the above at this meeting.

## Monitoring Information

16. To inform this scrutiny, the partnership has been asked to provide usage and participation data, with comparative data from previous years, 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
  - Customer satisfaction rates.
17. The partnership has also been asked to provide an update on staffing issues, the capital programme and medium-term financial forecast.
18. The above information is being provided in a presentation to the Committee, which will be circulated to Committee Members prior to the meeting, as **Appendix A.**

## Previous Scrutiny

19. Since 2017, this Committee has undertaken regular **scrutiny of the partnership** between the Council and GLL, regarding the delivery of contract for leisure services at Better Leisure Centres in Cardiff. This has included requesting details of the GLL User Survey and Usage profiles broken down by age, disability, ethnicity, and gender, which were supplied. In January 2019, Members were pleased to note progress made in improving participation and usage rates, increased customer satisfaction and progress in delivering capital programme improvements.
20. 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.

21. 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.
  
22. In December 2021, Members again scrutinised progress in delivering the **partnership** between the Council and GLL (Greenwich Leisure Limited). This scrutiny looked at the impact of the covid pandemic, participation and usage rates, capital programme, customer satisfaction and quality systems, staffing, the Council's commitments and risks to the Council.
  
23. Also in December 2021, Members scrutinised progress in implementing the improvement proposals made by **Audit Wales in their Review of Leisure Services** (2020) report.
  
24. In October 2022, Members undertook pre-decision scrutiny of the report to Cabinet detailed in **Points 12-13** above. A copy of the resultant Chair's public letter is attached at **Appendix B** for information; the confidential letter has been circulated to Members in confidence.

## **Way Forward**

25. Councillor Jennifer Burke (Cabinet Member for Culture, Parks and Events) has been invited and may wish to give a statement. Jason Curtis (GLL - Head of Service and National Membership Manager) and Joanne Smith (GLL - General Manager - Llanishen Leisure Centre) have been invited to give a presentation. They, along with Neil Hanratty (Director of Economic Development), Steve Morris (Operational Manager, Sport, Leisure & Development) and Sarah Stork

(Leisure Client Services Manager) will be in attendance to answer Members queries.

26. At the meeting, Members will have the opportunity to question the panel about recovery since the covid pandemic 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 and medium-term financial position, and the Council's response to the Audit Wales recommendations detailed at point 14.

### **Legal Implications**

27. 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**

28. 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**

**19 April 2023**