

**GLL - LEISURE CENTRE MANAGEMENT PARTNERSHIP DELIVERY UPDATE
and PROGRESS ADDRESSING RELEVANT AUDIT WALES
RECOMMENDATIONS – FOLLOW UP REVIEW OF LEISURE SERVICES –
OCTOBER 2022**

Confidential Slides in Appendix A are not for publication as they contain exempt information of the description contained in paragraphs 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. It is viewed that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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 their Follow-Up Review report on their investigation report on Leisure Services in Cardiff.

Structure of papers

1. Attached to this cover report are the following appendices:
 - a. **Appendix A** – GLL presentation – monitoring information, including confidential slides on financial information.
 - b. **Appendix B** – Cardiff Council presentation – Options Appraisal.
2. Members should note that **Appendix A** contains confidential slides which are 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.

Scope of Scrutiny

2. The scope of this item is twofold: to scrutinise the performance over the last year in the delivery of leisure centre services covered by the Leisure Centre Management Partnership contract; and to scrutinise progress in addressing relevant recommendations made by Audit Wales. Accordingly, the item will be split into: Part A – partnership management; and Part B – Audit Wales.
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. Progress in responding to Audit Wales Follow-Up Review.

Structure of Meeting

4. The meeting will be structured in two parts: Part A focusing on scrutiny of the partnership, with the presentation at **Appendix A** followed by Members' questions; and Part B focusing on progress in addressing the Audit Wales recommendations, with the presentation at **Appendix B** followed by Members' questions.
5. The presentation in Part A, attached as **Appendix A**, contains confidential slides. The Chair will move that Part A 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 the **confidential slides in the presentation**.
6. Members will then decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration.

PART A

Background

7. 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.
8. 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 ¹
9. 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.
10. 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.
11. The contract provides the following advantages:
 - Surety of future financial costs to the Council re leisure services

¹ Penylan Library and Community Centre included in contract as it hosts a gym

- 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.
- 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

12. 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 Cardiff². 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.
13. 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

14. 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.

² £5.225 million WG Hardship Fund support for the period March 2021 – March 2022

15. 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.
16. 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.
17. The Capital Programme 2024-25 contains £600,000 in 2024/25 for GLL Leisure Centre Solar Panels as an investment to mitigate energy cost increases at suitable centres and contribute to a reduction in the Council's carbon footprint. Subject to approval it is proposed that costs would be part funded through an invest to save zero interest Salix loan, with the operational savings contributing towards payback of the investment.

Pentwyn Leisure Centre

18. At their meeting on 20 October 2022, Cabinet also agreed the approach to the modernisation and future operation of Pentwyn Leisure Centre. In March 2023, as part of the Budgetary Proposals Report, Line 94 of the Council's Capital Programme allocated £3.694m for the Pentwyn Leisure Centre Redevelopment³. This, coupled with the spend to date, resulted in £4m allocated to Pentwyn Leisure Centre, as set out by Cllr Weaver in his response to this Committee's letter following budget scrutiny⁴.
19. In June 2023, Cabinet considered a further report on Pentwyn Leisure Centre that sought authority to proceed with a new scheme for improving Pentwyn Leisure Centre, as the previous proposals were no longer affordable. The new proposed scheme, set out in the report to Cabinet, included:
 - a. New leisure facilities – swimming pool, gym, 3G pitch and mini pitch
 - b. Refurbished family changing facility

³ Available at [Annex 3.pdf \(modern.gov.co.uk\)](#)

⁴ [\(Public Pack\)Correspondence following Committee Meeting Agenda Supplement for Economy & Culture Scrutiny Committee, 28/02/2023 13:30 \(modern.gov.co.uk\)](#)

- c. New cafeteria
- d. New hall and external space
- e. Minor facelift to external areas
- f. Installation of solar panels on roof space
- g. Installation of ground source heat pump

20. The report to Cabinet, in June 2023, also set out proposals for:

- a. GLL to retain and operate some areas (*gym and changing facilities*)
- b. Third Party Operators to lease areas of Pentwyn Leisure Centre (*pool area, cafeteria and soft play area*)
- c. Cardiff Rugby to lease areas of Pentwyn Leisure Centre (*main building and 3G pitches*)

21. The Capital Programme 2024-25 contains the following regarding Pentwyn Leisure Centre:

Line 57 – Pentwyn Leisure Centre Redevelopment - £3M indicative funding for 2025/26

22. On 4 April 2024, Cardiff Council issued a press release, available [here](#) , which set out that more than 180 people had attended a two-day Cardiff Council drop-in session to examine plans and give their views on the proposed refurbishment and re-opening of Pentwyn Leisure Centre, which GLL has scheduled for mid-June, once Cardiff Rugby Club vacate the premises. The press release stated that the new facilities planned are:

- A 25m pool with an adaptable moving floor which allows for the depth of the water to be varied, enabling it to be used for a wide range of activities and saving heating costs. The pool slide will also be retained. Work on the pool is expected to be completed by next year.
- Retaining the existing sports hall and outdoor mini-3G pitch
- Re-opening the studio and gym facilities and refurbishing the changing rooms
- Investing in roof-mounted solar panels and an air source heat pump to heat the pool
- Holding a series of come-and-try-it and taster sessions in the summer.

Monitoring Information

23. 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.
24. The partnership has also been asked to provide an update on staffing issues, the capital programme and medium-term financial forecast, including transformation plans to improve performance.
25. 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.**

PART B

Audit Wales Follow-Up Review

26. 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.

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.

27. Information on the progress in addressing these recommendations will be provided in a presentation to the Committee, which will be circulated to Committee Members prior to the meeting, as **Appendix B**.

Previous Scrutiny

28. 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.
29. 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.
30. 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.

31. 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.
32. Also in December 2021, Members scrutinised progress in implementing the improvement proposals made by **Audit Wales in their Review of Leisure Services** (2020) report.
33. In October 2022, Members undertook pre-decision scrutiny of the report to Cabinet detailed in **Points 15-16** above. A copy of the resultant Chair's public letter and the Cabinet Member's response are available [here](#).
34. In April 2023, Members undertook scrutiny on the progress in delivering the **partnership** between the Council and GLL and 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. A copy of the resultant Chair's public letter and the Cabinet Member's response are available [here](#).
35. In June 2023, Members undertook pre-decision scrutiny of the report to Cabinet on **Pentwyn Leisure Centre**. Members recommended further community consultation take place. A copy of the resultant Chair's public letter and the Cabinet Member's response are available [here](#).

Way Forward

36. 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) has been invited to give the

presentation attached as **Appendix A**. Chris Hadfield (Operational Manager, Venues and Culture) has been invited to give the presentation attached as **Appendix B**. They, along with Sarah Stork (Leisure Client Services Manager) and Joanne Smith (Leisure Centre Manager – GLL) will be in attendance to answer Members queries.

37. The meeting will be structured in two parts: Part A focusing on scrutiny of the partnership, with the presentation at **Appendix A** followed by Members' questions; and Part B focusing on progress in addressing the Audit Wales recommendations, with the presentation at **Appendix B** followed by Members' questions. All Members are reminded of the need to maintain confidentiality regarding the information provided in the confidential slides in **Appendix A**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.
38. In Part A, 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.
39. In Part B, Members will have the opportunity to question the panel about progress in addressing the Audit Wales recommendations and the subsequent options appraisal.

Legal Implications

40. 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

41. 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.

Leanne Weston

Interim Deputy Monitoring Officer

17 April 2024