

**Report of the Cabinet Member for Wellbeing and Healthy City, and
Cabinet Member for Enterprise, Development and Regeneration**

Council – 28 April 2016

LEISURE PARTNERSHIPS ANNUAL REPORT 2014/15

Purpose:	To advise Council of the partnership operations of key facilities within the Cultural Services portfolio
Policy Framework:	Creating an Active and Healthy Swansea; City of Sport; Medium Term Financial Plan
Reason for Decision:	For performance review and challenge
Consultation:	Legal, Finance, Corporate Property, Access to Services.
Recommendations :	It is recommended that: - 1) Council notes the report.
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1. Introduction

- 1.1 A report on the performance of partner operators of key Council facilities within the Culture, Tourism, Sport & Leisure portfolio is reported annually.
- 1.2 This report details some of the key partnership arrangements in providing leisure and cultural services for the benefit of the residents and visitors to Swansea during 2014/15 and identifies some significant achievements during the year along with some issues and challenges.
- 1.3 The report normally covers key arrangements at:
- 1.3.1 Wales National Pool Swansea (WNPS)
 - 1.3.2 National Waterfront Museum Swansea (NWMS)
 - 1.3.3 Liberty Stadium
 - 1.3.4 The LC

- 1.4 This report also includes information on the partnership arrangements at the Tennis Centre, Bowls Centre and 360 Beach and Watersports Centre.
- 1.5 Following the recent Commissioning Review for Cultural Services, market testing is currently underway to examine whether further partnership arrangements could be made with other Cultural and Leisure facilities. Future Annual Reports could therefore include additional services.
- 1.6 Each current partnership has differing arrangements regarding reporting, monitoring and data collation. This report includes performance information for each partner bringing together the key financial and usage information to demonstrate the overall performance of each operation.
- 1.7 The data includes information on key income drivers, overall expenditure including staffing costs and repairs, net cost / profit and costs to the Council.
- 1.8 Overall usage of the facilities is shown with key areas of specific use where appropriate

2. Wales National Pool Swansea

- 2.1 As reported in previous years, the partnership arrangement at WNPS is based on a tripartite agreement between the Council, Swansea University and Wales National Pool Swansea Limited and underpinned by lease and management agreements.
- 2.2 WNPS is a not for profit organisation and is managed by a board of directors including three CCS Members and three University representatives. It is chaired by Anne Ellis MBE, with advice given by the Head of Cultural Services and the University Finance officer. The current Council representatives are Councillors Mark Child, Robert Smith and Robert Francis-Davies.
- 2.3 Day to day management is through the General Manager who reports to the Board. The General Manager is supported by a Management Group with representation from CCS and Swansea University Officers.
- 2.4 The funding of WNPS is on a 50% share of net cost after income received, by both CCS and SU. As part of the agreement, CCS also covers the costs for free use by schools, a contribution towards Swim Swansea as part of a long standing arrangement, and a portion of the Welsh Government's over 60's Free Swim Grant to Swansea. There is a sinking fund of £60k per annum towards future major repairs.

- 2.5 As part of the terms of the Sportlot funding, Swim Wales, the National Governing Body for swimming in Wales is based at the venue and pays an agreed rate for lane use for performance squads.
- 2.6 The terms of funding also included the requirement for a hierarchy of bookings policy where elite sport gained precedence. The policy allows for public swimming, club swimming, schools swimming, University use, galas and events and organised sessions. The pool also follows the CCS pricing policy including Standard, Concession and Passport to Leisure prices. WNPS purchases Service Level Agreements from both the University and the Council for many support services. Through the SLA arrangements, the Council provides support for delivering HR, Payroll, Media and Water Safety.
- 2.7 Swim Wales ensures Welsh Squad training continues at Swansea, and WNPS has reviewed its whole programme to maximise opportunities from the National Squads through to local clubs, learn to swim and public swimming. The facility contributed significantly to the Welsh swimming squad's success in the Glasgow Commonwealth Games with all 7 medallists being based, or partially based at WNPS.
- 2.8 The 2014/15 financial year saw WNPS increase its overall income once again. Although recreational income fell, this was compensated by another rise in the aqua school and through other income, particularly events and galas.
- 2.9 WNPS has been in operation since 2003 and is starting to see some equipment and assets reach their effective lifespan. As a result, the Board has developed a renewal strategy for the key items in managing the sinking fund. This includes a planned renewal programme for some pool pipes, pool hall lighting, new timing system and options for ventilation.
- 2.10 As noted in previous reports, there were concerns over issues with the roof. The original contractor has now carried out the necessary remedial works.

2.11 **Wales National Pool Swansea Performance (Headline Indicators)**

WNPS	2012/13	2013/14	2014/15
Recreational Swims	£349,908	£356,465	£355,403
Aqua School	£254,083	£271,300	£279,358
Other Income	£473,171	£496,856	£525,719
Total Income	£1,077,162	£1,124,621	£1,160,480
Staff Costs	£736,174	£769,788	£783,176
Repairs & Maintenance	£184,275	£244,553	£250,682
Other Expenditure	£692,620	£677,480	£709,555
Sinking Fund	£62,420	£64,293	£66,950
Total Expenditure	£1,675,489	£1,756,114	£1,810,363
Net Cost / (Surplus)	£598,327	£631,493	£649,883
CCS Contribution	£299,164	£315,747	£324,975
Total Use	202,914	221,374	213,147

3. National Waterfront Museum Swansea

- 3.1 The National Waterfront Museum, Swansea (NWMS) operated by Amgueddfa Cymru-National Museum Wales is now in its tenth year of operation.
- 3.2 The Museum continues to be funded through an innovative public sector partnership between Amgueddfa Cymru and the City and County of Swansea (CCS) set up in 1999 to develop the museum and is fully defined in the Operational Agreement signed by both parties on the 6th October 2005 prior to the opening of the Museum. .
- 3.3 Under the terms of this agreement CCS contributes a proportion of the museum's annual revenue costs. This was £400k in year 1 and then indexed linked to account for inflation and actual salary increases, being over £557k in 2014/15. The partnership is overseen at a strategic level by a not-for-profit company, NWMS Ltd, the Board of which is made up of three elected members of CCS (currently Cllrs Robert Francis-Davies, Joe Hale and Erika Kirchner) and three trustees of Amgueddfa Cymru, together with an independent chair (currently Mr Roy Phelps). Operational issues are monitored by a group of officers from both CCS and Amgueddfa Cymru (the Operational Review Team). Currently both the Board and Operational Review Team meet twice a year.
- 3.4 Since its opening in October 2005 NWMS has attracted an average of a quarter of a million visits each year. The museum's visitor profile is made up of a high proportion of adults with children who have travelled for up to an hour. A significant number of repeat visits are made to the museum and a consistently high satisfaction level of around 95% has been achieved. According to the STEAM economic impact analysis, calculated by City & County of Swansea, the museum has contributed around £77m to the local economy in its first decade of operation.
- 3.5 During 2013/14 one of the commercial units was converted into a medium-size conference facility, now called the Ocean Room.
- 3.6 Between 1st April 2014 and March 31st 2015 there were 266,710 visits made to the museum. This represents an 8% increase on the previous year (although there was no Easter period within the 2013-14 financial year). Overall, by the end of March 2015 the museum had received a total of 2,390,585 visits since it opened in October 2005.
- 3.7 Since 2014 the museum has been a lead partner in the Welsh Government's Fusion/Pioneer area programme to facilitate closer working between cultural organisations and Communities First clusters. To achieve this, the museum helped establish the Swansea Creative Learning Partnership. Currently around 40 cultural organisations within the Swansea region support this partnership.

3.8 Major repairs, renewals and maintenance are the responsibility of Amgueddfa Cymru/National Museum, funded from the Museum's core budget as required.

3.9 **National Waterfront Museum Swansea Performance**

NWMS	2012/13	2013/14	2014/15
National Museum Wales grant	£669,930	£685,070	£730,385
Welsh Government grant	£620,000	£574,060	£567,585
CCS contribution	£533,889	£544,100	£560,100
Earned income	£187,636	£184,237	£192,293
Total income	£1,983,346	£1,987,467	£2,050,363
Staff costs	£1,166,800	£1,275,977	£1,297,920
Repairs & maintenance	£252,332	£268,523	£301,803
Other expenditure	£546,648	£561,650	£510,114
Total expenditure	£1,965,780	£2,106,150	£2,109,837
Carry forward (to)/from Renewals & Refurbishment Fund	(£17,566)	£118,683	£61,750

Total visits	271,438 (2 Easters)	245,409 (no Easter)	266,710 (1 Easter)
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4. Liberty Stadium

- 4.1 As reported in previous Partnership Reports, in April 2005, a Joint Venture Agreement (“JVA”) between the Council, the Swans, the Ospreys and the Swansea Stadium Management Company (SSMC) was signed as the basis for the management of the Stadium. In accordance with the JVA the shares in SSMC were divided equally between the Council, the Swans and the Ospreys with each holding 50,000, £1 ordinary shares.
- 4.2 SSMC operates under the day to day control of its Board of Directors. The Council is represented on the Board by Councillor Members, the remainder of the Board being made up of representatives each from the Swans and the Ospreys. The current Council representatives are Councillors Christine Richards, Rob Stewart and Robert Francis - Davies
- 4.3 The Stadium is leased to SSMC under a 50 year lease. The rent payable is effectively 30% of any distribution of profits from SSMC. The lease can be terminated for non payment of rent, breach of covenant by SSMC, or the insolvency of SSMC.
- 4.4 The Final accounts for 2014/15 have now been submitted. The position being that the Company made a profit of approximately £49k for that year which was not reported in the last Annual Partnership Report as the accounts were subject to audit. The Company has now recorded several years of profit.
- 4.5 Before any distribution of profit could be considered the Company would have to be in a position of net profitability taking account of past accumulated losses.
- 4.6 In terms of past losses, under the terms of the JVA such losses are effectively guaranteed by the Clubs who have indemnified the Council in that respect. .
- 4.7 The Liberty Stadium has again contributed hugely in the on-field success of both partner clubs, the Swans in particular, and Swansea as a destination. Through the development and success of both clubs the profile of Swansea as a city and destination has increased. SSMC has also been successful in making the stadium a key conference facility in South Wales.

- 4.8 The life cycle maintenance /planned maintenance of the stadium is audited annually by CCS. The audit of July 2015 identified several areas of non-compliance within the mechanical / electrical programme and inadequate supporting certification / documentation. We understand that this was at least in part due to the retirement of the stadium facilities manager in the summer of 2015. We cannot verify at this stage that these items have been satisfactorily addressed, however the matter will be covered at the next inspection due May 2016.

4.9 Swansea Stadium Management Company Performance

SSMC	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual
Income from Swans	£929,745	£1,306,544	£1,326,121	£1,164,660
Income from Ospreys	£184,841	£207,450	£171,327	£181,494
Premier Club Income	£347,706	£341,987	£330,686	£339,914
Other Turnover	£1,230,012	£1,247,955	£1,328,636	£1,435,574
Total Income	£2,692,304	£3,103,936	£3,156,770	£3,121,642
Total Expenditure	£2,532,413	£2,834,274	£3,087,805	£3,072,833
Profit / (Loss) for year	£159,891	£269,662	£68,965	£48,809
Stadium Visits (Sporting & Concerts)	560,385	569,658	594,816	517,257

Stadium Visits (Non-sports)	48,536	51,401	43,841	47,372
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5. The LC

- 5.1 Bay Leisure Limited (BLL) has performed above target in all key performance areas during the last year. BLL was subject to a reduction in management fee from CCS which was absorbed effectively. The overall usage and income of the venue has increase consistently for the eighth consecutive year. Notably, the “Peak” health and fitness suite has seen an increase despite considerably more competition within the area.
- 5.2 The Board is made up of local citizens with the essential skills to bring a new commercial edge to the organisation and as a not for profit company, it benefits from financial advantages not available to the Council. There are 11 Directors, 2 of which are Council members. The current Council Board members are Councillor Mandy Evans and Councillor Andrea Lewis.
- 5.3 The Council’s Corporate Building & Property Service conduct an annual review of the maintenance at the LC and the BLL maintenance team again proved that they have delivered a high quality maintenance regime.
- 5.4 The Council’s sinking fund for the LC has been utilised for remedial work on the roof caused by previous storm damage and is further being used to rectify a fault on the spiral staircase in the Fitness Suite (Peak).
- 5.5 BLL have continued operating to a Service Level Agreement with Culture & Tourism’s Water Safety Team to train and monitor lifeguard operation to ensure the high quality of water safety training across the Swansea facilities, and also have trained some of their own staff as Trainer Assessors to assist the Water Safety programme.
- 5.6 BLL’s Not for Profit constitution has enabled it to continue to re-invest into the Company. The latest development has been the introduction of a new Simply Gym in Cwmbran to compliment the Simply Gym and Simply Play at Kingsbridge and the Simply Gym at Llansamlet. Surpluses from these new ventures are being used to continue to reduce the Council’s funding support at the LC.
- 5.7 BLL’s 10 year contract to operate the LC is until February 28th 2018, and so is subject to the market testing currently being undertaken.

5.8 LC Performance

LC	2012/13	2013/14	2014/15
Edge (Water park)	£978,139	£939,998	£1,054,323
Peak (Fitness Suite)	£1,295,910	£1,300,377	£1,133,906
Core (Dry Sports)	£301,992	£271,982	£257,797
Other Income	£598,790	£564,535	£672,360
Total Income (Excl Mgt Fee)	£3,174,831	£3,076,892	£3,118,386
Management Fee	£693,584	£593,580	£563,580
Total Expenditure	£3,814,058	£3,649,783	£3,669,018
Surplus / re- investment	£54,357	£20,690	£12,948
Sinking Fund (CCS)	£153,000	£153,000	£153,000
Other CCS Contribution	£115,000	£134,491	£104,054
Total Use	750,077	739,647	772,476
Gym Membership	3,664	3,679	3,149

6. Other Partnership Facilities

- 6.1 The Local Authority has a number of other successful partnership arrangements with Cultural Services sites. The most significant of these are the 360 Beach and Watersports Centre, The Swansea Indoor Bowls Centre and Swansea Tennis 365. The key income and usage indicators for each site is listed below
- 6.2 Whilst there are no Councillor Board Members at these organisations, they have been highlighted due to the on-going commissioning programme for other Cultural services facilities which have not previously been subject to partnership management reporting.
- 6.3 The success and year on year growth of each of these sites individually indicates a productive partnership with benefits to both City & County of Swansea, management partners Swansea residents and visitors.
- 6.4 As with the previously mentioned partnership sites, each agreement is operated in differing ways in terms of monitoring, data collection and facility operation. The flexible approach allows the partnership to operate in the most appropriate way, given the resources of partners, scale of operation and needs of the customers.
- 6.5 Experience and good practice learned from the variety of partnership arrangements in operation will significantly benefit the Authority in the near future with the devolvement of other partnership arrangements following the commissioning process.
- 6.6 360 Water Sports Centre is operated by Bay Sports Ltd which is a joint arrangement between Bay Leisure Limited and Swansea University. The building belongs to the Council, and funded through ERDF Funding via Visit Wales. The terms of the use include sports and beach activities in addition to a catering offer and is subject to performance monitoring via Visit Wales.
- 6.7 The Council only provides funding for Bay Sports to operate the toilets as a public convenience, and is also responsible for the structure of the building, whilst Bay Sports is responsible for the maintenance of all other items.

360 Beach and Water Sports	2012/13	2013/14	2014/15
Food and Beverage Income	£84,148	£294,582	£383,192
Beach and Watersports Income (net of instructor cost)	-£780	-£618	£14,146
Other Income	£12,439	£24,281	£52,563
Grant Income	£40,831	£84,996	£79,165
Toilet Management Fee Income	£5,096	£9,996	£9,996
Total Income (Excl Toilet Mgt Fee)	£136,637	£403,241	£529,066
Staff Costs	£100,171	£147,753	£192,399
Repairs, Maintenance & service contracts	£7,007	£5,808	£6,219
Other Expenditure	£114,734	£201,608	£251,776
Total Expenditure	£221,912	£355,169	£450,394
Total Use	45,242	154,214	206,599

6.8 Swansea Bowls Stadium is operated by Swansea Indoor Bowls Limited, where the Council has been responsible for utilities and maintenance and has in previous years paid a management fee to the bowls club. Initially Swansea Indoor Bowls Club operated under a tenancy at will and operating agreement , but negotiations for the future will mean new lease arrangements plus a Management Agreement on a fully repairing basis with no management fee payable by the Council. The club has since become a Not for Profit Distributing Body.

Swansea Bowls Stadium	2012/13	2013/14	2014/15
Bowls Income	£68,035	£69,009	£71,891
Bar & Catering Income	£23,185	£25,818	£29,083
Other Income	£69,897	£50,634	£60,501
Total Income	£161,117	£145,461	£161,475
Staff Costs	£39,397	£41,228	£38,999
Repairs and Maintenance	£6,143	£10,806	-----
Other Expenditure	£69,571	£65,212	£51,612 (inc maintenance)
Total Expenditure	£115,111	£117,246	£90,611
Management Fee	£46,000	£46,000	£46,000
Total Use	65,713	65,919	69,095

6.9 Swansea Tennis Centre is operated by Tennis Swansea 365, a Not for Profit Distributing body, and is responsible for the facility under a full repairing lease at no cost to the Council. TS365 have been operating a successful tennis programme and other activities and have recently opened a small fitness facility in the centre (Ace Fitness).

Swansea Tennis Centre	2012/13	2013/14	2014/15
Junior Course Income	£63,852	£180,599	£150,663
Adult Course Income	£20,001	£21,721	£15,115
Ace Fitness Income	N/A	N/A	£21,475
Other Income	£265,363	£153,456	£223,280
Total Income	£349,217	£355,777	£410,534
Staff Costs	£74,251	£97,008	£136,802
Repairs and Maintenance	£10,854	£4,774	£5,526
Other Expenditure	£210,610	£227,706	£273,806
Total Expenditure	£295,717	£329,488	£416,135
Total Ace Fitness Members	N/A	N/A	817
Total Usage	37,136	64,952	59,637

7 Monitoring Arrangements

- 7.1 Officers will continue to monitor these facilities vigorously to ensure that they are complying with the terms of the various agreements and leases that are in place, as well as to ensure that they are contributing towards the achievement of the Council's ambitions as identified in the agreed Policy Commitments.
- 7.2 Following the commissioning and market testing, should new partnership arrangements be made, a review of suitable monitoring and support arrangements will need to be made to ensure on-going sustainability and to recognise the delivery of the Council's objectives through these arrangements.

8. Summary

- 8.1 This report identifies the varying agreements that are in place with each of the key partners operating Leisure and Cultural Services. The report also highlights the variations due to the differing circumstances and requirements of other bodies involved in each partnership.
- 8.2 With the differing models it is also clear that standardising monitoring and reporting is not straight forward, but measures are taking place to use the accepted good practice of Compliance and Performance.
- 8.3 This report is also a mechanism of identifying the successes and challenges and a transparent approach to displaying the delivery of services by the various partnerships, the outcomes and the cost of supplying those services.
- 8.4 It also demonstrates that the Council is challenging the partners to maintain quality and improved services to which all partners reported continue to achieve.

9 Equality and Engagement Implications

- 9.1 There are no specific Equality or Engagement implications associated with this report.

10. Legal Implications

- 10.1 There are no specific legal implications at this stage

11. Financial implications

- 11.1 There are no specific financial implications

Background Papers: None.

Appendices: None