



Report of the Cabinet Member for Investment, Regeneration & Tourism

Council – 26 July 2018

Leisure Partnerships Annual Report

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| 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 |
| 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 2015/16 and 2016/17 and identifies some significant achievements during the year along with some issues and challenges. Reporting for 14/15 has been retained in the report for comparative purposes

- 1.3 The key arrangements outlined within this report include::
- 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
 - 1.3.5 Other partnership sites for information
- 1.4 Each partnership has differing arrangements regarding reporting, monitoring and data collation. This report includes performance information for each partner and is an attempt to bring together the key financial and usage information to demonstrate the overall performance of each operation.
- 1.5 The data includes information on key income drivers, overall expenditure including staffing costs and repairs, net cost / profit and costs to the Council.
- 1.6 Overall usage of the facilities is shown with key areas of specific use where appropriate:

2. Wales National Pool Swansea

- 2.1 The partnership arrangement at WNPS is based on a tripartite agreement between the Council, Swansea University and Wales National Pool Swansea Limited, 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 Council members and three University representatives, 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 Francis-Davies and Robert Smith.
- 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 by 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 and, during the period of this report, a contribution towards Swim Swansea as part of a long standing arrangement.
- 2.5 A portion of the Welsh Government's Free Swim Initiative (FSI) funding, distributed by Sport Wales is allocated to WNPS under the Local Authority Partnership agreement between CCS and Sport Wales. There is a sinking fund of £60k per annum towards future major repairs.
- 2.6 Since the opening of the pool, Swim Wales, the National Governing Body for swimming in Wales have been based at the venue and pay a

for lane use for performance squads. The same arrangement has been in place throughout operation of the pool. This comes to an end in 2018 and is being renegotiated for the forthcoming financial year 2018/19, but was in place during the period of this report.

- 2.7 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 CCS pricing policy including Standard price, Concession price and Passport to Leisure. WNPS purchase 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.
- 2.8 Swim Wales will ensure Welsh Squad training continues at Swansea, WNPS and has reviewed it's 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 success in the Commonwealth Games with the majority of Welsh medallists being based, or partially based at WNPS.
- 2.9 The period of this report saw WNPS increase overall income once again. Recreational income also recovered during this period to show an overall increase during the 2 year period. The aqua school peaked during 2015/16 followed by a reduction in 2016/17 although the levels still show a general increase from the previous report

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

| WNPS | 2014/15 | 2015/16 | 2016/17 |
|--------------------------|-------------------|-------------------|-------------------|
| Recreational Swim | £355,403 | £337,266 | £360,105 |
| Aqua School | £279,358 | £297,158 | £282,226 |
| Other Income | £525,719 | £548,663 | £541,567 |
| Total Income | £1,160,480 | £1,183,087 | £1,183,897 |
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|----------------------------------|-------------------|-------------------|-------------------|
| Staff Costs | £783,176 | £856,295 | £848,478 |
| Repairs & Maintenance | £250,682 | £245,816 | £232,108 |
| Other Expenditure | £709,555 | £692,822 | £617,065 |
| Sinking Fund | £66,950 | £32,000 | £77,250 |
| Total Expenditure | £1,810,363 | £1,826,933 | £1,774,901 |
| Net Cost / (Surplus) | £649,883 | £643,846 | £591,004 |
| CCS Contribution | £324,941 | £321,923 | £295,502 |
| | | | |
| Total Use | 213,147 | 225,400 | 217,048 |

3. National Waterfront Museum Swansea

- 3.1 The National Waterfront Museum, Swansea (NWMS), operated by Amgueddfa Cymru-National Museum Wales, is now in its thirteenth year of operation.
- 3.2 The high level of visitor support has remained constant since opening with an average of over 258,000 per year since 2006 (around 22% higher than was predicted in the original business plan). This good performance is thanks largely to the museum's extensive programme of events and temporary exhibitions. Another factor in this success is that the museum continues to expand its links and informal partnerships with organisations, educational institutions and communities throughout the Swansea Bay region and beyond, resulting in a range of joint events that help showcase the area's vibrant cultural and intellectual life as well as its industrial heritage.
- 3.3 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.

- 3.4 Under the terms of this partnership agreement CCS contributes a proportion of the museum's annual revenue costs. 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 Kirschner) 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.
- 3.5 Major repairs, renewals and maintenance are the responsibility of Amgueddfa Cymru/National Museum Wales, funded from the Museum's core budget and its ring-fenced Renewals & Refurbishment Fund, as required.
- 3.6 During 2015/16, the doors to the museum's exhibition hall were enlarged to allow for substantial artefacts to be displayed in the space.
- 3.7 In April and May 2016 industrial action throughout Amgueddfa Cymru resulted in a 17% decline in visits to NWMS.

3.8 National Waterfront Museum Swansea Performance

| NWMS | 2014/15 Actual | 2015/16 Actual | 2016/17 Actual |
|--|---------------------------|---------------------------|---------------------------|
| National Museum Wales grant | £730,385 | £740,040 | £783,573 |
| Welsh Government grant | £567,585 | £574,060 | £484,000 |
| CCS contribution | £557,824 | £557,824 | £557,824 |
| Earned income | £192,293 | £179,546 | £149,070 |
| Total income | £2,048,087 | £2,051,470 | £1,974,467 |
| Staff costs | £1,297,920 | £1,231,396 | £1,165,673 |

| | | | |
|--|------------------------------|-------------------------------|---|
| Repairs & maintenance | £301,803 | £359,618 | £242,689 |
| Other expenditure | £510,114 | £323,876 | £424,262 |
| Total expenditure | £2,109,837 | £1,914,890 | £1,832,624 |
| Carry forward (to)/from Renewals & Refurbishment Fund | £61,750 | (£136,580) | (£141,843) |
| | | | |
| Total visits | 266,710 (1 Easter) | 261,801 (2 Easters) | 258,429 (No Easter) 258429 |

258429

4. Liberty Stadium

4.1 The partnership arrangement for the operation of the Liberty Stadium has changed due to the agreement made between CCS and Swansea City FC over the lease of the facility

4.2 The management body, Swansea Stadium Management Company (SSMC) has been dissolved so future reporting will not be carried out through this mechanism and will not be included in future reports.

4.3 Swansea Stadium Management Company Performance

| SSMC | 2014/15 Actual | 2015/16 Actual | 2016/17 Actual |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Income from Swans | £1,164,660 | £1,133,581 | £1,119,966 |
| Income from Ospreys | £181,494 | £164,367 | £167,786 |
| Premier Club Income | £339,914 | £341,592 | £345,505 |

| | | | |
|---|------------|------------|------------|
| Other Turnover | £1,435,574 | £1,642,634 | £1,583,032 |
| Total Income | £3,121,642 | £3,282,174 | £3,216,289 |
| Total Expenditure | £3,067,270 | £3,267,981 | £3,409,963 |
| Profit / (Loss) for year | £54,372 | £14,193 | (£193,674) |
| Stadium Visits (Sporting & Concerts) | 517,257 | 510,667 | 573,607 |
| Stadium Visits (Non-sports) | 47,372 | 44,091 | 44,686 |

5. The LC

- 5.1 Bay Leisure Limited (BLL) has performed above target in all key performance areas during the last two financial years. BLL was subject to a further 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 Cllr Mandy Evans and Cllr Louise Gibbard.
- 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 Culture, Tourism, Sport & Leisure Business & Partnership Unit (BPU) conducted two monitoring reports during the period 2015-2017. A key area reviewed was pricing - The LC consulted CCS with the

implementation of proposed price increases in time for summer 2016. The proposed price structure retained the discounted fees for Swansea resident card holders. The LC detailed that the increase is to ensure the business remains sustainable whilst achieving reductions in management fee and managing increased costs such as staffing due to the increase in the minimum wage. It was reported that the changes did not result in any significant impact in terms of usage or customer feedback. Similarly, changes to the car park deposit return system was implemented by CCS for the beginning of financial year 2017 with no significant impact.

5.5 BLL have continued operating to a Service Level Agreement with Cultural Services Water Safety Team to train and monitor lifeguard operation to ensure the high quality of water safety training across the Swansea facilities, and have now trained up some of their own staff as Trainer Assessors to assist the Water Safety programme.

5.6 LC Performance

| LC | 2014/15 | 2015/16 | 2016/17 |
|--|-------------------|-------------------|-------------------|
| Edge (Water park) | £1,054,323 | £1,191,939 | £1,187,591 |
| Peak (Fitness Suite) | £1,133,906 | £1,128,630 | £1,158,478 |
| Core (Dry Sports) | £257,797 | £256,072 | £279,489 |
| Other Income | £672,360 | £676,562 | £678,685 |
| Total Income (Excl Mgt Fee) | £3,118,386 | £3,253,204 | £3,304,244 |
| Management Fee | £563,580 | £578,802 | £562,337 |
| | | | |
| Total Expenditure | £3,669,018 | £3,641,130 | £3,724,977 |
| Surplus / re- investment | £12,947 | £190,876 | £141,604 |

| | | | |
|-------------------------------|-----------------|-----------------|-----------------|
| Sinking Fund (CCS) | £150,000 | £153,000 | £153,000 |
| Other CCS Contribution | £137,449 | £145,581 | £141,401 |
| Total Use | 772,476 | 803,498 | 780,097 |
| Gym Membership | 3,149 | 3189 | 3195 |

*Other CCS contributions include £45k Buildings Insurance

6.0 **Other Partnership Facilities**

6.1 The Local Authority has a number of other successful partnership arrangements with Leisure and Recreational sites. The most significant of these are the 360 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 These additional sites have been highlighted due to the on-going commissioning programme for other Cultural services facilities which have not previously been subject to partnership management arrangements. During the period, a full lease agreement has been introduced at the Bowls centre.

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 During the period, a full lease agreement has been introduced to the Bowls centre, the facility is now entirely under the management of Swansea Indoor Bowls Ltd. Whilst The Council provides zero subsidy towards the operation of this facility it will continue to monitor and support Swansea Indoor Bowls Ltd.

| 360 Beach and Water Sports | 2014/15 | 2015/16 | 2016/17 |
|--|-----------------|-----------------|-----------------|
| Food and Beverage Income | £383,192 | £383,745 | £396,251 |
| Beach and Watersports Income (net of instructor cost) | £14,146 | £14,610 | £22,185 |
| Other Income | £52,263 | £22,070 | £20,491 |
| Grant Income | £79,165 | £25,000 | £25,000 |
| Toilet Management Fee Income | £9,996 | £8,300 | £8,300 |
| Total Income (Excl Toilet Mgt Fee) | £529,066 | £453,725 | £472,227 |
| | | | |
| Staff Costs | £192,399 | £189,653 | £206,621 |
| Repairs, Maintenance & service contracts | £6,219 | £7,957 | £10,072 |
| Other Expenditure | £251,776 | £241,608 | £236,286 |
| Total Expenditure | £450,394 | £439,218 | £452,979 |
| | | | |
| Total Use | 206,599 | 212,194 | 221,965 |

| Swansea Bowls Stadium | 2014/15 | 2015/16 | 2016/17 |
|------------------------------|----------------|-----------------|-----------------|
| Bowls Income | £71,891 | £100,997 | £100,848 |

| | | | |
|----------------------------------|----------------------------------|----------------------------------|-----------------|
| Bar & Catering Income | £26,465 | £21,698 | £24,518 |
| Other Income | £63,119 | £14,549 | £14,639 |
| Total Income | £161,475 | £137,244 | £140,005 |
| | | | |
| Staff Costs | £38,999 | £42,916 | £42,031 |
| Other Expenditure | £51,612 (inc maintenance) | £47,370 (inc maintenance) | £131,301 |
| Total Expenditure | £90,611 | £90,286 | £173,332 |
| | | | |
| Total Use | 69,095 | 65,669 | 66,671 |

| Swansea Tennis Centre | 2014/15 | 2015/16 | 2016/17 |
|------------------------------|--------------------|-----------------|-----------------|
| Junior Course Income | £150,663.20 | £122,996 | £112,221 |
| Adult Course Income | £15,115.30 | £23,472 | £13,646 |
| Ace Fitness Income | £21,475.63 | £5,297 | £33,125 |
| Other Income | £223,280.43 | £78,368 | £74,423 |
| Total Income | £410,534.56 | £230,133 | £233,415 |
| | | | |
| Staff Costs | £136,802.65 | £121,725 | £109,635 |

| | | | |
|----------------------------------|--------------------|-----------------|-----------------|
| Repairs and Maintenance | £5,526.59 | £4,699 | £12,101 |
| Other Expenditure | £273,806.53 | £209,546 | £213,267 |
| Total Expenditure | £416,135.77 | £335,970 | £335,003 |
| | | | |
| Total Ace Fitness Members | 817 | 1398 | 1423 |
| Total Usage | 59,637 | 42,365 | 45635 |

7 Monitoring Arrangements

7.1 Officers will continue to monitor these facilities (excluding the Liberty Stadium) 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. Of particular interest are the contributions made to:-

- The City of Sport and Culture
- Well-being of Future Generations
- The Healthy City
- Area of inequality
- The support of the tourism economy.
- Creating and Active and Healthy Swansea

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 rationale for 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 are achieving those improvements.

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