



Report of the Cabinet Member for Investment, Regeneration & Tourism

Council - 25 July 2019

Leisure Partnerships Annual Report 2017/18

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 2017/18 and identifies some significant achievements during the year along with some issues and challenges. Reporting for the previous period 16/17 has been retained in the report for comparative purposes for these key partnerships.
- 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 The LC

- 1.4 The 2017/18 outturn positions for a number of other partnership sites has been included for information and overview.
- 1.5 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.
- 1.6 The data includes information on key income drivers, overall expenditure including staffing costs and repairs, net cost / profit and costs to the Council.
- 1.7 Due to the timings and financial years of all the partnerships, not all figures presented are the externally audited accounts, but represent the internal out-turns agreed with respective organisations.
- 1.8 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 tri-partite 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 Financial Accounting Manager. 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 provides the schools swimming programme under a Service Level Agreement (SLA), funding under the Welsh Governments Free Swim grant and support towards Swim Swansea's programme costs for use of the facility.

- 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 £79k 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 for lane use for performance squads. The same arrangement has been in place throughout operation of the pool. This came to an end in 2018 and has been renegotiated for the 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 Following the renegotiation of the Swim Wales agreement and associated pool programme changes, WNPS reviewed it's whole programme to maximise opportunities from the National Squads through to local clubs, learn to swim and public swimming, which has proved to be very successful.
- 2.9 The period of this report saw a marginal decrease in overall income, as opposed to increases in the two previous periods. Recreational income also improved during this period to show an overall increase during the 2 year periods. The aqua school peaked during 2015/16 followed by a reduction in 2016/17, with a further reduction in 2017/18. The Aqua School coordinator post was vacant for a period during this time and may likely have accounted for this slight dip in performance. The main reason for the marginal decrease in overall income can be attributed to a 2 week closure in April 2018 for essential maintenance and facility improvements.
- 2.10 Whilst costs were closely managed, staff costs continue to rise in-line with pay awards and inflation, the building is aging so requires ongoing investments, a number of which are spend to save in such additions as energy efficient LED lighting, which are planned to pay back in the medium term through reduced energy consumption

2.11

Wales National Pool Swansea Performance

WNPS	2016/17	2017/18
Recreational Swim	£360,105	£329,847
Aqua School	£282,226	£263,953
Other Income	£541,567	£565,731
Total Income	£1,183,897	£1,159,531
Staff Costs	£848,478	£922,009
Repairs & Maintenance	£232,108	£179,944
Other Expenditure	£617,065	£635,455*
Sinking Fund	£77,250	£79,032
Total Expenditure	£1,774,901	£1,816,440
Net Cost / (Surplus)	£591,004	£656,909
CCS Contribution		
	£295,502	£328,454

Total Use	217,048	209,325

***includes equipment depreciation, not showing in 16/17 accounts**

3. National Waterfront Museum Swansea

- 3.1 The National Waterfront Museum, Swansea (NWMS), operated by Amgueddfa Cymru-National Museum Wales, is now in its fourteenth year of operation.
- 3.2 The high level of visitor support has steadily increased since opening with an average of over 245,000 per year in the three years from 2006 to an average of 265,500 in the three years from 2015/16 (25% 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 2017 and 2018, a major system of pipework on the roof of the building was completely replaced and over the coming year a major upgrade is planned for the museum's computerised building management system.
- 3.7 Throughout 2018 the open space in the middle of the museum was completely transformed into a raised-bed vegetable garden. This was designed by the artist Owen Griffiths and created by volunteers from a wide range of community groups. The garden continues to be maintained by these volunteers and its produce is used for both educational and charitable purposes.

3.8 **National Waterfront Museum Swansea Performance**

NWMS	2016/17 Actual	2017/18 Actual
National Museum Wales grant	£783,573	£787,000
Welsh Government grant	£484,000	£500,000
CCS contribution	£557,824	£564,850
Earned income	£149,070	£189,746
Total income	£1,974,467	£2,041,596
Staff costs	£1,165,673	£1,183,775
Repairs & maintenance	£242,689	£238,307

Other expenditure	£424,262	£482,841
Total expenditure	£1,832,624	£1,904,923
Carry forward (to)/from Renewals & Refurbishment Fund	(£141,843)	(£136,673)
Total visits	258,429 (No Easter)	276,644 (1 Easter)

4. The LC

- 4.1 At the time of report publication, the LC is no longer operated by Bay Leisure Ltd (BLL). The 2017/18 period that the report covers reflects BLL's final full financial year of operation between 1st April 2017 and 31st March 2018, plus the period of extension to 30th September 2018. The report represents the final position of the LC under BLL operation and all future reporting will be replaced with performance update under Freedom Leisure's wider leisure management contract for various facilities on behalf of the Council.
- 4.2 The BLL Board is made up of local citizens with the essential skills to bring a commercial edge to the organisation and as a not for profit company, it benefits from financial advantages not available to the Council. During the period of the report, there were 11 Directors, 2 of which were Council members. The Council Board members were Cllr Mandy Evans and Cllr Louise Gibbard. As a result of changes to the contractual arrangements with BLL, the board was restructured in October 2018, with no Council representation from that point.
- 4.3 The Council's Corporate Building & Property Service continued to conduct an annual review of the maintenance at the LC and the BLL maintenance team again proved that BLL delivered a high quality maintenance regime. A non-evasive condition survey report commissioned by the Council as part of the procurement process indicated that the building showed £17.8k worth of backlogged maintenance as at July 2017, which considering the size, complexity and cost of annual maintenance of the asset, this was considered positive report outcome.

- 4.4 Throughout the reporting period, the Councils Business and Partnership Unit were actively delivering the Councils Commissioning project, which included the procurement exercise and competitive dialogue with BLL and other operators interested in operating the services. This process came to a conclusion in June 2018 and throughout there was continued monitoring and increased day to day reporting and dialogue regarding the LC with BLL through the transfer process.
- 4.5 In 17/18 the Council reduced its Management Fee to BLL by £225k compared to the previous period in line with the required saving targets agreed as part of the Councils MTFP. The necessity to extend the contract with BLL which was originally due to expire on 28 Feb 2018 resulted in increased business risk for the operator in running the facility over a short term period, and therefore an increased level of management fee was renegotiated for period 1 March 2018 to 30 September 2018, to allowing the procurement process to conclude.
- 4.6 The Council continued to set aside a sinking fund through financial year 2017/8. It did not set aside funds during period 1 April 2018 to 30 September in order to fund the increased level of management fee for the extension period and under the consideration that any new operator would have a full repairing and renewal obligations from 1st October 2018.
- 4.7 Throughout the reporting period, the Council undertook its obligations for lifecycle replacement of assets as part of the premises.
- 4.8 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. .
- 4.9 **LC Performance**

LC	2016/17	2017/18	2018/19 (1 April to 30 Sept)
Edge (Water park)	£1,187,591	£1,254,548	£786,321
Peak (Fitness Suite)	£1,158,478	£1,177,931	£565,859
Core (Dry Sports)	£279,489	£286,341	£129,896
Other Income	£678,685	£705,500	£373,534
Total Income (Excl Mgt Fee)	£3,304,244	£3,424,320	£1,855,610
Management Fee	£562,337	£337,996	£270,000
Total Expenditure	£3,724,977	£3,754,153	£1,959,479
Sinking Fund (CCS)	£153,000	£8,750	£0
*Other CCS Contribution	£141,401	£247,479	£94,254
Total Use	780,097	805,882	424,823
Gym Membership (as at end of period)	3195	3118	2882

*Other CCS contributions include buildings Insurance and any building renewal or replacement obligations under the current arrangements

6. 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 2017/18 at each site are listed below.
- 6.2 The performance of each of these sites individually indicates a productive partnership with benefits to both City & County of Swansea, management partners Swansea Residents and visitors.
- 6.3 As with the previously mentioned key 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.
- 6.4 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 in the future.
- 6.5 A full lease agreement has been introduced to the Bowls centre, the facility is now entirely under the management of Swansea Indoor Bowls Ltd. The company is now also working with two local outdoor bowls clubs to assist with the leasing and maintenance arrangements of the bowls green at the site which were transferred from the Council. The Council provides zero subsidy towards the operation of this facility, it will continue to monitor and support Swansea Indoor Bowls Ltd.
- 6.6 During the period and at time of reporting, 360 Beach and Watersports is no longer operated by Bay Sports Ltd, with the contract ending on 30 September 2018 and the facility being operated until the end of August.
- 6.7 The former 360 facility has now been re-let under a commercial arrangement, therefore subsequent Partnership reports will no longer feature updates on these arrangements. This report covers financial year 17/18 and to the end of the arrangements in 2018/19.
- 6.8 Other Partnership financial information.

360 Beach and Water Sports	2017/18	2018/19 (to August)
Food and Beverage Income	£431,376	£231,119

Beach and Watersports Income (net of instructor cost)	£25,460	£12,450
Other Income	£24,564	£20,347
Grant Income	£25,000	£0
Toilet Management Fee Income	£9,996	£4,165
Total Income (Excl Toilet Mgt Fee)	£506,400	£263,916
Staff Costs	£226,667	£104,848
Cost of Sales	£150,553	£89,742
Repairs, Maintenance & service contracts	£4,967	£2,282
Other Expenditure	£111,733	£49,389
Total Expenditure	£493,920	£246,260
Total Use	245,594	136,447

Swansea Bowls Stadium	2017/18
Bowls Income	£100,449

Bar & Catering Income	£25,263
Other Income	£14,134
Total Income	£139,846
Staff Costs	£39,523
Building and Maintenance	£131,286*
Other Expenditure	£54,612**
Total Expenditure	£225,421
Total Use	67,547

*£56k Capitalised expenditure.

**£35k Utilities and cleaning costs

Swansea Tennis Centre	2017/18
Junior Course Income	£119,745.83
Adult Course Income	£14,929.90
Ace Fitness Income	£30,175.56
Other Income	£127,483.84

Total Income	£292,335.13
Staff Costs	£96,069.69
Repairs and Maintenance	£10,929.29
Other Expenditure	£223,635
Total Expenditure	£330,634
Total Ace Fitness Members	1613
Total Usage	55,978

7. Monitoring Arrangements

7.1 Officers will continue to monitor these facilities 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
- A 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 based upon compliance of agreement and performance management.
- 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 working towards delivering and achieving such 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