

Review of Out-sourced Leisure Services – Vale of Glamorgan Council

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Summary report

Summary

What we reviewed and why

- 1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the WFG Act) the Auditor General for Wales (the AGW) is statutorily required to examine public bodies to assess the extent to which they have acted in accordance with the sustainable development principle when:
 - setting their well-being objectives; and
 - taking steps to meet them.
- 2 Public bodies need to make sure that when making their decisions they take into account the impact they could have on people living their lives in Wales in the future. There are 5 things that public bodies need to think about to show that they have applied the sustainable development principle and we considered these closely when delivering the fieldwork as follows:
 - Long Term – the importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
 - Prevention – how acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
 - Integration – considering how the public body’s well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
 - Collaboration – acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
 - Involvement – the importance of involving people with an interest in achieving the well-being goals and ensuring that those people reflect the diversity of the area which the body serves.
- 3 The Act defines the sustainable development principle as acting in a manner: ‘...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’. See **Appendix 1** for the WFG Act positive indicators.
- 4 As well as duties under the WFG Act, the AGW has duties relating to examining whether councils have proper arrangements to ensure economy, efficiency and effectiveness (value for money) under the Public Audit (Wales) Act 2004. In discharging these duties, the Auditor General published his report [Delivering with Less – Leisure Services](#), in December 2015.
- 5 In August 2012, the Council entered into a contract with Parkwood Leisure to manage its leisure facilities for ten years with the option to extend for a further five years. The contract was subcontracted to Legacy Leisure, a not-for-profit charitable organisation in 2015.

- 6 For the purpose of this study, we use the term leisure services to mean sports and recreation services provided on behalf of the Council by Legacy Leisure. Our definition does not cover or include activities relating to tourism, library services, parks/open spaces, museums/heritage or the arts.
- 7 We undertook the review during the period May 2019 to September 2019.

What we found

- 8 Our review sought to answer the question: is the Council's approach to leisure services supporting the achievement of its well-being objectives, and delivering value for money?
- 9 Overall, we found that: The Council is receiving an income from its leisure contract with Legacy Leisure, but needs to, assure itself that the contract is providing value for money, and strengthen its application of the sustainable development principle when it extends the contract.
- 10 We reached this conclusion because:
- the Council has maintained its leisure centre provision and is receiving an income from its contract with Legacy Leisure Limited but until recently lacked a strategy to shape the service.
 - there is significant scope for the Council to apply the sustainable development principle and focus on delivery of its well-being objectives through its contract with Legacy Leisure.
 - the Council has strengthened its management of the contract, but there is scope to improve arrangements to assure itself that it is achieving value for money.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement

PFI 1 The Council should strengthen its application of the sustainable development principle through the services delivered by Legacy Leisure, including by:

- adopting a more strategic approach to collaboration for Legacy Leisure and other leisure services at a local and regional level;
- further integrating the planning and delivery of Legacy Leisure services with other public bodies and Council services, such as Education and Social Care; and

- involving citizens and service users in the development and delivery of Legacy Leisure services to ensure they represent the needs of the community.

PFI 2 The Council should strengthen its arrangements to gain assurance that the contract is providing value for money. For example, by:

- improving reporting arrangements to ensure members receive a full and timely account of service performance;
- exploring how scrutiny arrangements could be more impactful. This could be by ensuring better involvement of committee members in selecting agenda items and proper and proactive engagement with local people; and
- exploring the availability of comparative and benchmarking data to further support its assessment of value of money.

Detailed report

The Council is receiving an income from its leisure contract with Legacy Leisure, but needs to, assure itself that the contract is providing value for money, and strengthen its application of the sustainable development principle when it extends the contract.

The Council has maintained its leisure centre provision and is receiving an income from its contract with Legacy Leisure Limited, but until recently lacked a strategy to shape the service

11 In reaching this conclusion we found that:

- the Council has met its primary aims in outsourcing the management of its leisure centres to reduce the Council's leisure subsidy to zero (contract fee) over the life of the contract. The Council is now receiving an income from the contract and is forecasting that it will achieve a saving of nearly £17 million over the 10-year contract.
- in October 2019, Cabinet agreed a leisure strategy, '[More Active Communities for a Healthier Future 2018-2028](#)'. There is an action plan underpinning the strategy setting out how each of the objectives will be delivered. Prior to this, the Council did not have a strategy to help shape its outsourced leisure service.
- the new strategy explicitly recognises the importance of leisure more broadly in contributing to the achievement of the seven national wellbeing goals. It also provides a clearer vision for its leisure services. The Council should ensure that its contract extension negotiations with Legacy take account of the new strategy and its contribution to the seven national wellbeing goals.

There is significant scope for the Council to apply the sustainable development principle and focus on delivery of its well-being objectives through its contract with Legacy Leisure Limited

- 12 Our findings in relation to each of the five ways of working to reach this conclusion are set out below:

Long term

- 13 The Council entered into a contract with Parkwood Limited and then Legacy Leisure Limited in order to continue to maintain existing leisure centres and generate an income. The Council's leisure strategy articulates its priorities for sport and physical activity provision until 2028, but it is not clear from the actions in the strategy how the Council intends to address some of the longer-term challenges which may impact on its future provision of leisure services.

Integration

- 14 We found application of the integration way of working was still at a relatively early stage and there is significant scope for the Council to do more to improve how well its leisure services contribute to its well-being objectives and those of other public bodies. For example, we found limited joint working arrangements between Legacy Leisure and sports development (on improving the impact of National Exercise Referral Scheme (NERS)) and with other Council services, such as Education, and Health and Social Care to create programmes of activity which work across Council and Legacy facilities. The Council's leisure strategy should address the integration of the council's objectives and that of Legacy leisure. For example, there are opportunities to further integrate Legacy Leisure with related plans and policies, such as Public Health Wales' [Eat well and move more plan](#). This should be central to contract re-negotiations.

Involvement

- 15 The Council appointed consultants to help develop its leisure strategy, yet the level of engagement with partners and service users was limited. Legacy has run community engagement activities such as local sporting events, fairs, shows and exhibitions with a focus on increasing participation and generating more income. These were run by individual centres not as part of a strategic approach to target particular groups. The contract requires Legacy to conduct an annual customer survey, but there is no strategic oversight or coordination to ensure relevance to the Council's wellbeing objectives.
- 16 The contract specification does not currently require Legacy Leisure to involve the community. Specifying such a requirement could help develop a greater

