

MEETING	Communities Scrutiny Committee
DATE	24 January 2017
TITLE	Update on the progress of the Healthy Communities Service in meeting efficiency savings targets and the response to the report of the Auditor General for Wales
AUTHOR	Ian Jones, Senior Economy and Community Manager
MEMBER	Councillor Mair Rowlands
PURPOSE	<ol style="list-style-type: none"> 1. Scrutinise progress to date in realising efficiency savings as part of the Council's Financial Strategy 2015 - 2018 2. Scrutinise the Service's response to the Report of the Auditor General for Wales on leisure services.

1. Background

1.1. Members of the Communities Scrutiny Committee have noted their wish to scrutinise the Service's response to the report of the Auditor General for Wales: *Delivering with less - Leisure Services*. As part of this, it was considered that it would also be beneficial for Members to scrutinise the progress of the Service in achieving the efficiency savings target as set out by the Council's Financial Strategy 2015-2018.

2. Efficiency Savings Programme 2015-2018

2.1. As part of the Council's Financial Strategy up to the end of the 2017/2018 financial year, an efficiency savings target of £1,053m was set for the Healthy Communities Service. This was equivalent to 56% of the controlled budget or 26% of the full budget for the 2015/2016 financial year.

2.2. In response to that target, the Service developed seven proposals which, together, addressed the target by the end of the period of the Financial Strategy in question.

2.3. The Cabinet's approval was given at its meeting on 16 December 2014 to implement the proposals, which took effect from April 2015 onwards. Details of the proposals, together with a brief summary of the progress to date, can be seen in **Appendix 1**.

2.4. To date, the Service has delivered £660,894 of the target with a further £135,758k to be delivered in 2017/2018. This is £256,500 short of the target and, therefore, the Cabinet was asked to approve the re-profiling of that amount to be delivered in 2018/2019.

2.5. The Service will prepare schemes in order to meet the deficiency early in the 2017/2018 financial year in order to ensure that it will be possible to implement them in 2018/2019.

3. Response to the Report of the Auditor General for Wales: 'Delivering with Less - Leisure Services'

3.1. In December 2015, the Auditor published a report which noted the following as his main recommendation:

'When delivering leisure services, councils focus on dealing with short-term financial challenges rather than considering how to provide services in the future in a strategic way'.

3.2. Four further general recommendations were also noted that were relevant to leisure services throughout Wales, namely:

3.2.1. *Improving strategic planning work in the leisure services.*

3.2.2. *Undertake an evaluation of options in order to discover the most appropriate delivery model based on the Council's agreed vision and its priorities for leisure services.*

3.2.3. *Ensuring effective management of the performance of leisure services by establishing a series of measures in order to allow officers, members and citizens to judge regarding input, output and effect.*

3.2.4. *Improving governance, accountability and corporate leadership arrangements in the leisure services.*

3.3. Progress towards implementing a number of aspects of the recommendations has been made and details can be provided if required.

3.4. However, in terms of the recommendation noted under 3.2.2 above, the Cabinet at its meeting on 3 November 2016, approved the undertaking of an evaluation of the most appropriate delivery model. It is expected that the Scrutiny Committee will receive a report in September 2017 on the appropriate model for Gwynedd in order realise the following objectives:

- The same service or better for a lower cost;
- Better access to alternative funding;
- Ability to promote and safeguard the Welsh language within leisure and sport in Gwynedd;
- Better effective use of the Council's subsidy;
- Flexibility to change and meet new challenges;
- Maximise the contribution of the provision to meet the Council's strategic objectives

4. Therefore, in relation to both matters in question, namely i) the Service's progress in delivering efficiency savings and ii) the Service's progress in responding to the Report of the Auditor General for Wales on leisure services, the Service received details which aspects the Members were eager to scrutinise in detail and a full response to those questions can be seen in Appendix 2.

Appendix 1 - The Savings Programme for the Healthy Communities Service

Scheme	Title	Description	Amount	Progress to date
HAM1	Review and rationalise new management structures of Leisure Centres	Review the current situation of having a Leisure Centre Manager at every site, and create Area Manager posts, with responsibility for several Leisure facilities within a definitive area.	£135,897	Delivered during 2015/2016
HAM2	Increase levels of fees	Increase general leisure fees level 2% above level of inflation for the next three years.	£147,000	Delivered during 2015/2016 and 2016/2017. It will also be included in the fees and charges schedule for 2017/2018.
HAM3	Review and rationalise the central structures of the Service	Review the central structures of the Healthy Communities Service, looking to combine duties and responsibilities between managers and staff.	£68,887	Will be delivered in full by the end of 2016/2017.
HAM4	More effective running of leisure facilities	Reduce the Council's current subsidy level for the provision of leisure centres. In order to complete this, a series of transitional projects will be needed across Gwynedd, with a specific focus according to catchment / leisure centre. This means that the current provision could reduce significantly or be provided in a different way. This will be completely dependent on the opportunities available.	£639,758	£383,258 will have been delivered by 2017/2018 and it is intended to re-profile the remaining to be delivered in 2018/2019.
HAM5	Grounds Maintenance	Reduce expenditure on grounds maintenance by amending agreement	£20,000	Delivered during 2016/2017.
HAM6	Arfon Sports Hall, Bangor	Bring a current contract for the use of the centre to an end and transfer the facility in full to Coleg Menai or in part to the University.	£25,730	Delivered during 2015/2016 but as a result, the facility was closed to the public (decision of Coleg Menai who own the building)
HAM7	Treborrh Track	End a current contract for the use of the land and transfer the assets to the University. This to include the athletics track and the equipment on site.	£15,880	Delivered during 2016/2017.

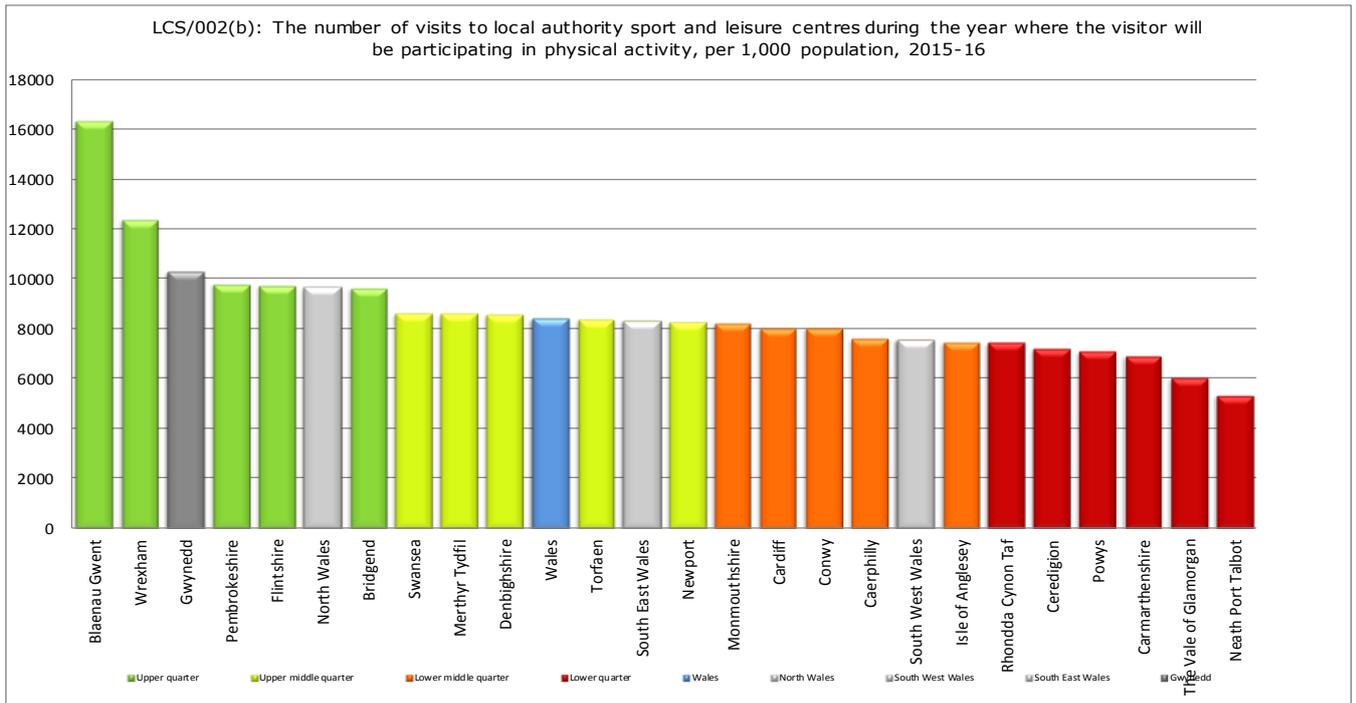
Appendix 2 - Specific questions to be scrutinised

1. The HAM2 Scheme in the appendix of the report showed an increase in income from fees of £147k. What are the projections for further increase in fees beyond 2017/18?

- 1.1. The levels of fees and payments for the use of leisure facilities are determined every year by reviewing fees. For the three years up until the end of 2017/2018, that review has needed to meet not only the increase as a result of the need to achieve efficiency savings, but also to meet the annual increase in the inflation target. For 2017/2018, this has resulted in an increase in general fees of 3.75% that is equivalent to receiving an additional income of £97,430.
- 1.2. The fee levels for using Gwynedd Council facilities are lower than what is seen in the County's private sector but is comparative with nearby counties. We compare them regularly to ensure that the people of Gwynedd are offered a value for money service.
- 1.3. Bearing this in mind, care will need to be taken in considering whether there is an opportunity to increase fees higher than the inflation target from 2018/2019 onwards. This is because it would be possible for the Service to increase fees to the point where Gwynedd residents would consider the price to be too high. This would lead to a decrease in use and would therefore create a risk of significantly reducing income.
- 1.4. As a result, the projections that fees will need to be increased higher than the inflation target will be considered and it will only be possible to confirm whether there will be an opportunity to introduce further increase from 2018/2019 onwards by seeing the effect of the increase for 2017/2018.

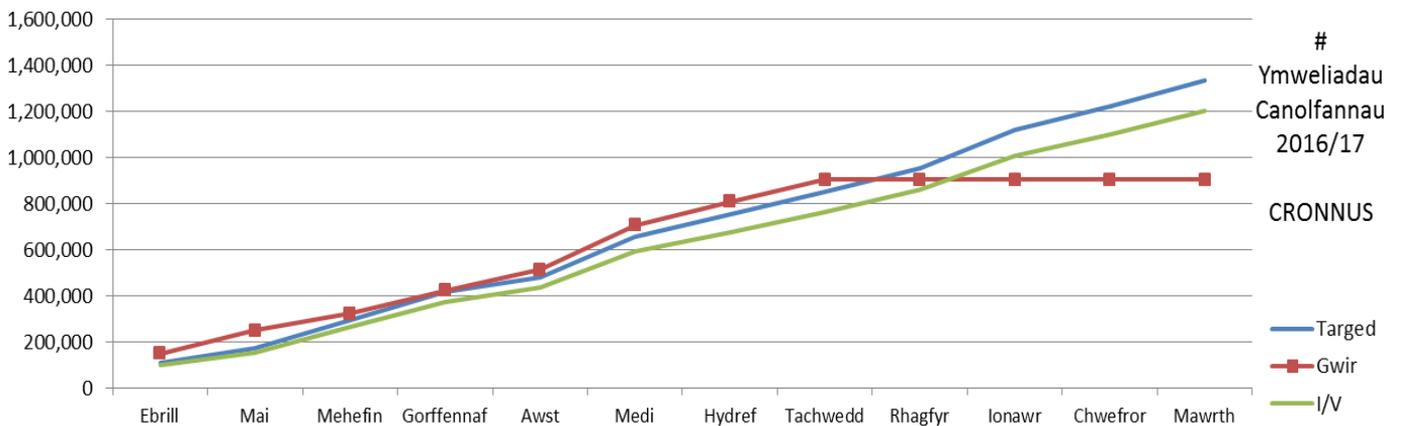
2. What steps have been taken to increase levels of use to date as another way of increasing income?

- 2.1. The current level of use of leisure centres in Gwynedd is comparatively high in comparison to other Authorities in Wales. Based on 2015/2016 information, it can be seen that Gwynedd is the third highest in Wales in terms of Number of Visits per 1,000 of the population.



2.2. The performance has continued to increase since then and the latest data shows a continued positive trend.

Number of visits to Leisure Centres – 2016/2017 (accumulative) – red line denotes actual, blue line denotes target.



* Please note - the above figures do not include the figures for December 2016 - March 2017

2.3. The steps that have been taken to increase use since 2013/2014 are as follows:

- **Renew Fitness Equipment** - the service has renewed fitness equipment in a number of centres during 2016 and this has increased the membership for those centres by 13.34% on average. On the basis of that increase, a business case was developed in

order to ensure that the remainder of the centres receive new fitness equipment in February 2017.

- **Upgrading Facilities** - the Service has upgraded a number of centres by using a combination of internal budget and external grants. We will continue to do that based on developing business cases per individual centre.
- **Fitness Classes** - the Service has transformed its fitness classes offer since 2014. By now, 200 fitness classes are provided every week which is an increase of 60% over the period. The range of classes provided are now one of the best in Wales and far ahead from what is offered by others within the sector in Gwynedd.
- **Cycling** - The Service has taken advantage of the local demand for cycling classes specifically, and a range of the latest bicycles were provided in order to support the demand. That includes three centres that are now offering 'Spivi' and 'Wattbikes' classes that use innovative software from America in order to track and show the users' performance on a large screen.
- **Swimming Classes** - The number of children attending swimming lessons in the County has increased from 2,714 per week in 2014 to 2,846 per week in November 2016 and the classes have reached 72% of the available capacity. In addition, the swimming lessons period has increased from 42 weeks per year to 46 weeks per year in a number of centres which has resulted in children learning to swim at an improved rate whilst moving through different classes in a timely manner. This change has also reduced waiting lists for places in centres such as Arfon Leisure Centre and Bangor Aquatics and Healthy Lifestyle Centre.
- **Marketing Strategy** - we use the latest techniques when marketing the offer to the local residents of Gwynedd. The existing strategy includes making the most of social media and the internet in order to advertise the offer. In addition, images and posters within the centres have been transformed with professional imagery now being displayed. We will be building on this in Quarter 4, 2016/17 by installing new 'Brief Your Market' software in order to be able to reach current, previous and potential customers through new communication methods.

3. What type of effect has the Monthly Payment Plan had on the income profile of the Service? To what extent has the discount offer to public sector staff been successful?

3.1. The Service offers a wide range of different monthly packages which allows users to pay beforehand to gain access to centres in order to undertake activities. It is possible to purchase packages for a month only or for a longer period by paying

through direct debit. The aim is to offer flexibility for users to decide which package is most suitable for them as individuals, depending on their circumstances and requirements.

- 3.2. There is an increased demand for this type of provision by our users because it facilitates arrangements and reduces contact time with the centre's reception areas. One specific example of this is with the swimming lessons where, to date in 2016/2017, 1,196 parents pay for swimming lessons through a swimming direct debit package. This is equivalent to 40% of the total of children who attend the swimming lessons scheme and some centres have much higher percentages e.g. over 80% in Bro Ffestiniog Swimming Pool.
- 3.3. By now, the monthly packages are seen as the main source of income for the Service and nearly £1m of the annual income is accumulated through the packages. This is an increase of 54% between April 2014 and December 2016.
- 3.4. In respect of the Corporate Discount Scheme, this package was introduced as part of a wider package of benefits to the Council's staff. By now, the scheme has been extended to other public bodies (e.g. Snowdonia National Park, Fire and Ambulance Services, the Police) and there are plans to expand it further.
- 3.5. The Corporate Discount Scheme offers a discount of 20% compared to a full direct debit package (£24 a month compared to £29.50) and allows use of all resources and most activities within the centre for 12 months.
- 3.6. Currently (based on the information of November 2016) it can be seen that 410 individuals take advantage of the scheme that attracts an annual income of £98,400 (excluding VAT) to the Service. On average, users who take advantage of the full package of £29.50 do so for eight months of the year only. The Corporate Discount Scheme requires a 12 month full payment contract, so the Service benefits from £17,767 per year by offering the package.
- 3.7. Unfortunately, it is not possible to calculate the number of users who would not have signed up unless the Corporate Discount Scheme was in place.

4. HAM 4 in the appendix discusses reducing the subsidy level and running centres more effectively, and the figure of over £600k for that is very substantial. What type of plans have been achieved to realise this?

- 4.1. In order to achieve the figure of £640k in efficiency savings, the Service has had to look at a number of different aspects in detail. As the Members are aware, a feasibility review was completed by the 'Just Solutions' company in October 2013 on the Leisure provision in Gwynedd. That review noted a series of recommendations

for achieving efficiency savings and a number of the proposals were based on realising the targets on those recommendations. The list below notes all of the plans within HAM 4, noting the plan's effect on the budget in terms of increasing income or reducing expenditure.

Scheme	Progress up to the end of December 2016	The effect on the Budget i.e. Increase Income / Reduce Expenditure
Renew Fitness Equipment (see 2.3 above)	Has been achieved with another scheme under way by February 2017.	Increase Income
Increase the number of fitness classes (see 2.3 above)	Has been achieved	Increase Income
Cycling (see 2.3 above)	Has been achieved	Increase Income
Swimming Lessons (see 2.3 above)	Underway	Increase Income
Marketing Strategy (see 2.3 above)	Underway	Increase Income
Review health and safety procedures	A successful review of the service's procedures was completed in order to see a reduction in expenditure on the basis of a risk assessment. That work has led to reducing staff presence within swimming pools and also dry centres during quiet periods.	Reduce Expenditure
A review of Staffing Structures	Every centre has completed a staffing review by abolishing empty posts and restructuring where there was an opportunity to do so. There was a need to make one compulsory redundancy as a result of this exercise.	Reduce Expenditure
Co-location of Services	In order to make the best use of the centres, a number of schemes have been realised.	Increase Income

	The Library is now located in Glaslyn Leisure Centre and the 'Flying Start' provision is located in Plas Ffrancon Leisure Centre. Further projects of this nature are planned in the future.	
The Development of Centres (see 2.3 above)	This has been completed. Further plans under consideration for Bro Dysynni, Tywyn and Arfon Leisure Centre.	Increase Income

4.2. These schemes have had a positive effect on the budgetary situation of most of the leisure centres. The table below notes the difference between the 2013/2014 and the 2016/2017 budget per individual centre.

Canolfan / Centre	Cyllideb Rheoledig / Controlled Budget						Gwahaniaeth yn y Gyllideb / Change to Budget				
	2013/14			2016/17			Gwariant / Expenditure		Incwm / Income		% Newid / Change
	Gwariant / Expenditure	Incwm / Income	Graddfa Adennill / Operational Recovery	Gwariant / Expenditure	Incwm / Income	Graddfa Adennill / Operational Recovery	Gwir / Actual	%	Gwir / Actual	%	
Arfon, Caernarfon	£566,860	-£414,970	73%	£556,060	-£430,540	77%	-£10,800	-1.91%	£15,570	3.8%	4%
Tenis, Caernarfon	£283,740	-£215,170	76%	£250,900	-£261,550	104%	-£32,840	-11.57%	£46,380	21.6%	28%
Bangor	£585,600	-£407,180	70%	£523,050	-£406,610	78%	-£62,550	-10.68%	-£ 570	-0.1%	8%
Plas Ffrancon, Bethesda	£218,390	-£132,140	61%	£195,170	-£147,100	75%	-£23,220	-10.63%	£14,960	11.3%	15%
Glaslyn, Porthmadog	£518,450	-£356,410	69%	£473,710	-£383,980	81%	-£44,740	-8.63%	£27,570	7.7%	12%
Dwyfor, Pwllheli	£526,260	-£445,450	85%	£523,320	-£456,240	87%	-£2,940	-0.56%	£10,790	2.4%	3%
Plas Silyn, Penygroes	£228,510	-£145,440	64%	£183,520	-£146,270	80%	-£44,990	-19.69%	£ 830	0.6%	16%
Penllyn, Y Bala	£297,800	-£141,140	47%	£252,180	-£142,410	56%	-£45,620	-15.32%	£ 1,270	0.9%	9%
Pafiliwn, Y Bermo	£168,980	-£105,340	62%	£110,390	-£113,550	103%	-£58,590	-34.67%	£ 8,210	7.8%	41%
Glan Wnion, Dolgellau	£166,810	-£105,530	63%	£138,200	-£114,180	83%	-£28,610	-17.15%	£ 8,650	8.2%	19%
Bro Dysynni, Tywyn	£379,900	-£252,720	67%	£330,920	-£204,690	62%	-£48,980	-12.89%	-£48,030	-19.0%	-5%
Bro Ffestiniog	£128,690	-£55,900	43%	£132,180	-£52,920	40%	£3,490	2.71%	-£ 2,980	-5.3%	-3%
Cyfanswm / Total	£4,069,990	-£2,777,390	68%	£3,669,600	-£2,860,040	78%	-£400,390	-10%	£82,650	3%	10%

4.3. The performance of every centre has improved in terms of reducing expenditure and it can be seen that the expenditure total has reduced by 9.84%.

4.4. In terms of income, it can be seen that the income situation of most centres has improved but a decline was seen in Bro Dysynni Leisure Centre, Tywyn. This is mostly due to the decrease in the number of children that attend swimming lessons regularly in the area and also the reduction in target income compared to 2013/2014.

4.5. It should also be noted that two centres, namely Arfon Tennis Centre, Caernarfon and Pavilion Leisure Centre, Barmouth now attract an income above the

expenditure level under the management of the Council. This is unprecedented performance, and is an exception to most of the centres in Wales.

4.6. In terms of the number of visits to the centres, a significant increase was not seen in the use. However, as was already noted in 2.1 above, the use is relatively high anyway. It should also be taken into consideration that the Service re-installed an information technology system during the period between 2014 and 2016 which resulted in cleaner data by removing duplicate members and usage. Furthermore, Bangor Aquatics and Healthy Lifestyle Centre was closed for six months during 2015/2016 in order to complete remedial and upgrading works.

4.7. However, the main factor for the change is the reduction in the free swimming grant that is received from Sports Wales. Losing a £49k grant at the beginning of 2015/2016 involved a significant reduction in the free swimming sessions provided in Gwynedd, and that partly explained why an increase was seen in other counties such as Blaenau Gwent that received an increase in the grant.

4.8. These factors have had an impact on the performance, but the performance continues to be high compared to other Authorities within Wales. See below a table that notes the number of visits per individual centre.

Canolfan / Centre	Defnydd / Visits		
	2013/14	2014/15	2015/16
Arfon, Caernarfon	277,484	249,948	392,822
Tenis, Caernarfon	73,563	92,429	126,790
Bangor	218,134	218,134	196,239
Plas Ffrancon, Bethesda	71,068	77,127	47,955
Glaslyn, Porthmadog	166,459	160,981	139,923
Dwyfor, Pwllheli	308,032	270,167	214,556
Plas Silyn, Penygroes	86,941	82,268	84,444
Penllyn, Y Bala	174,803	115,194	80,072
Pafiliwn, Y Bermo	24,819	24,819	28,461
Glan Wnion, Dolgellau	53,125	53,125	61,868
Bro Dysynni, Tywyn	93,961	91,199	88,892
Bro Ffestiniog	30,061	36,061	26,731
Cyfanswm / Total	1,578,450	1,471,452	1,488,753

5. In November 2016, the Cabinet released resources in order to develop possible business models for the future. What type of options has the Services been considering for the future and what are the advantages and the disadvantages of the options that are being considered in terms of finance and service level?

5.1. The service is considering three possible directions, namely; i) continue to provide the service through the current model, ii) establish a new social enterprise and iii) transfer to a social enterprise that has already been established. There is a range of options within these directions, and the aim between now and March 2017 is to look closer and in detail at the implications associated and risks associated with the different models.

5.2. In relation to the financial advantages and disadvantages, some models are eligible for a non-domestic tax and VAT relief that will, in turn, create significant savings for the Council. The implications of this, however, is the need for that body to be independent to the Council and the Council would then manage the body by agreement or contract. Over the coming months, we will investigate those implications so that the Council is fully aware of any possible disadvantages.

5.3. In terms of the service level, the aim will be to offer the same level of service or better and by evaluating the options, we will study both the opportunities and associated threats. For example, one advantage would be that some of the models could attract investment from new funding sources that are not available to the Council in order to improve the service offer. Furthermore, one of the main qualities of the models being considered is that any financial savings or additional income would be re-invested in local public services.

6. Other councils have been looking at transferring leisure centre management, some of them to trusts that could heavily depend on volunteers. What is the viewpoint of the Service on that?

6.1. Gwynedd Council has experience of transferring the management of leisure centres to volunteers with Harlech Swimming Pool. Whilst this example has its strengths and weaknesses, it is clear that the pressure placed on volunteers can be burdensome and challenging to those individuals associated with that centre.

6.2. The Service is eager to keep opportunities open to volunteers to come forward with a business case to manage any centre in Gwynedd. Welsh Government has developed a Framework in order to facilitate any transfer based on what has happened at Harlech and at other locations in Wales and, by now, it is foreseen that the process would be less cumbersome for future projects.

6.3. However, the Service has concerns about the sustainability of any such enterprise, and the associated risk of losing consistency across the County. The Service has business and quality assurance procedures for the county, including staff training schemes and those aspects could be a challenge for volunteers to develop them on their own.

7. If internal discussions are taking place on different options for the future, how much discussion has been held with the staff of those centres regarding the issue and what was the outcome of those discussions?

7.1. The Project Board has a comprehensive communication and engagement plan that includes staff in the centres as well as other main stakeholders. As part of this plan, the Senior Manager met with every member of staff between November and the end of December 2016 in order to explain the context of the work and to outline the implementation timetable.

7.2. In addition, based on those discussions, a question and answer leaflet was provided and this will be circulated at the end of January 2017.

7.3. Engagement with the remainder of the stakeholders will begin very shortly and any feedback will be submitted back to the Project Board regularly.

7.4. In terms of the feedback from staff so far, the response has been very positive as they acknowledge the need to consider other ways of providing a service in order to ensure a sustainable and successful future.

8. Paragraph 3.4 noted a series of objectives for the development of the service for the future. Will this be the criteria for assessing the business model for the future? Is there a way of meeting all of these objectives or is there tension between some of them that the Council will need to address?

8.1. The possible models will be evaluated against the objectives that are listed in paragraph 3.4 (pre-report). Naturally, the aim will be to address all of these objectives but it is possible that some models will be better than others in relation to some objectives, that is, one model will not offer the best solution in relation to every objective. By evaluating options, we will highlight whether there is any tension between some of the objectives so that it will be a consideration when making a decision on the way forward.

9. Has the Service considered the models for the future in light of the Well-being of Future Generations Act and is there an intention of undertaking a Health Impact Assessment on these proposals as part of the considerations?

9.1. The Well-being of Future Generations Act is one of the drivers for looking at the way we provide the leisure service for the future. The purpose of this project is to identify and implement the most suitable provision model to achieve the aim of ensuring a modern, fit for purpose, inclusive and sustainable infrastructure that will motivate and support the people of Gwynedd to live healthy lives that robustly aligns with the Act. In the short term, it is not foreseen that the possible changes will have a striking impact on the service proposal nor on the health of local residents, but undertaking a health impact assessment would provide a baseline for measuring success in the future.

10. The report from the previous consultants (Just Solutions) that looked at the field recommended to possibly not look for only one model for the county but to develop a different model for different areas. Is the Service still considering that or is it considering establishing a model for the whole county?

- 10.1. Since the Consultants, Just Solutions Ltd, reported in October 2013, the Service has looked into the possibility of transferring some facilities dependant on the opportunities that existed in every area.
- 10.2. As part of the Saving Scheme, Treborth Athletics Track was transferred to Bangor University, Arfon Sports Hall to Llandrillo / Menai Group and Harlech Sports Hall to Ysgol Arduwy on a permanent basis. Rhyd Ddu Outdoor Centre was also transferred to Antur Nantlle on a 25 year lease. In other areas, we have introduced different models, favouring co-locating services where appropriate.
- 10.3. In the Porthmadog area, the Library was relocated to the leisure centre and in Bethesda, the 'Flying Start' nursery was relocated to the leisure centre.
- 10.4. However, attempting to do that on a county scale takes time and resources away from providing day to day services. Therefore, it was decided to work jointly with other services within the Economy and Community Department, focusing on one area at a time. Currently, the focus is on the Barmouth area where the Department is assessing the practicality of co-locating Youth and Library services within the leisure centre.
- 10.5. As a result and currently, the Service is looking at developing an alternative provision model for the whole County by ensuring flexibility in order to respond to any opportunity likely to come up during the coming years.