

Committee: **Cabinet**

Date of meeting: **7th December 2022**

Report Subject: **Aneurin Leisure Trust Performance and Monitoring**

Portfolio Holder: **Cllr. Sue Edmunds, Cabinet Member for People and Education**

Report Submitted by: **Lynn Phillips, Corporate Director Education**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance and Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
✓	03.11.22	22.11.22			22.11.22	07.12.22		

1. Purpose of the Report

- 1.1 The purpose of the report is to update Members on the performance of the Aneurin Leisure Trust and to refocus the future performance monitoring arrangements

2. Scope and Background

- 2.1 In April 2018, the Council commenced a review of the provision of Leisure and Culture services. This review was in line with the finance and management agreement between the Council and the Aneurin Leisure Trust (ALT). The review included two phases and the second phase of the review concluded early 2020.
- 2.2 In parallel to the review, the Council developed the Leisure and Culture Strategy 2019-29 to provide strategic direction for the future of leisure services and identified key priorities for the next 10 years.
- 2.3 The outcome of the review was presented to Full Council in September 2020 where Option 2 was agreed which stated:
- ‘Provide a time limited contract extension period of five years with a break/review point at year 3. Using the proposed new governance structure to formally review the performance of ALT’s delivery of the business plan against the new specification and revised financial and management arrangement. Use clear checkpoints to identify risks and take action to mitigate those in a timely manner. If ALT fully deliver to their business plan the Council will consider a further extension to the contract subject to a further review’.
- 2.4 The lead responsibility for Leisure, Libraries and Culture sits within the Education Directorate, undertaking the role of client for these services, and the Service Manager for Young People and Partnerships is the Council’s lead officer with Aneurin Leisure Trust.

- 2.5 Since the last report to the former Education and Learning Scrutiny Committee, the following areas have been maintained:
- Regular meetings and protocols between the Education link officer and senior managers in the ALT;
 - Supporting the ALT Trust to full re-opening and understanding any financial impact associated with the pandemic;
 - Implementing key areas including the service specification, governance structure, SLAs, reporting framework; and,
 - Facilitating the transfer of the Metropole Theatre from ALT to Awen Cultural Trust and Head 4 Arts back into the Council.
- 2.6 The review recognised that key to the successful delivery of a sustainable Leisure and Culture offer, is improved governance and contract management arrangements. In response to this, a new Strategic Leisure and Libraries group was established which has met quarterly since September 2020. New dates are currently being agreed for the new political administration.
- 2.7 Weekly meetings held throughout Covid between the link officer and ALT moved to fortnightly and now monthly. The partnership between the Council and ALT has significantly improved over the past few years and the relationship is strong and underpinned by transparency.
- 2.8 ALT has again used this year to proactively pursue all possible funding / grant schemes available and these are set out in Appendix 2.
- 2.9 **Monitoring and Scrutinising Performance**
- 2.10 In order to monitor and scrutinise the progress and impact of the Trust, a full progress report will be presented to Partnership Scrutiny Committee twice a year, reporting against the agreed Key Performance Indicators (KPIs) within the specification. The KPI balance scorecard is set out in section 6.1 and is the proposed way ALT will present their performance. Other reports may be presented throughout the year by exception. These reports will also be presented to the Cabinet and the Joint Strategic Partnership Group for comment.
3. **Options for Recommendation**
- 3.1 This report has been discussed and agreed by Education DMT and CLT.
- 3.2 The Partnership Scrutiny Committee considered the report on 22nd November 2022 and supported Option 2, namely Members are requested to consider the information detailed within the report and make appropriate recommendations prior to final approval. Therefore, the Scrutiny Committee recommended that Cabinet consider the request, that in future monitoring reports, as well as the 6 monthly monitoring information, an overview is provided of future financial planning.

3.3 **Option 1:** Members are requested to consider the governance arrangements, annual performance and to agree the contents of the report; or,

Option 2: Members are requested to consider the information detailed within the report and make appropriate recommendations prior to final approval.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 **Corporate Plan Priorities**

This report supports the Council's Performance Management Framework, and the work of the Aneurin Leisure Trust contributes to the Council priority, Strong and Environmentally Smart Communities, the delivery of statutory responsibilities for providing Library Services and the core elements of the Blaenau Gwent Wellbeing plan.

5. **Implications Against Each Option**

5.1 **Impact on Budget (short and long term impact)**

For 2022/23 Blaenau Gwent County Borough Council has agreed a £2.8m management fee to ALT. At the beginning of the financial year the Trust estimated a budget for the year anticipating a deficit of £667,000. This was produced when Covid 19 restrictions were still in place, however, restrictions were lifted close to the beginning of the financial year and income continues to improve.

5.1.1 ALT income and expenditure is set out below. This is regularly discussed and shared with the Council through the regular link officer meetings, the strategic board meetings and with a BGCBC Finance Officer also attending all ALT Finance meetings.

5.1.2 The reporting process ensures that the investment is delivering the outcomes as articulated in the Leisure and Culture Strategy. The Trust has a clear delivery plan and financial forecast which takes into account known risks and is being closely monitored. The full report can be accessed in Appendix 1.

5.1.3

Income and Expenditure	Original Estimate Year to Date	Sept 22 Actual Year to Date	Variance Fav (Adv)	Comments
	£	£	£	
Income YTD	3,196,406	3,642,271	445,865	Strong performances across all Sports Centres and catering outlets have provided the Trust an unexpected surplus at the 6 month point given the challenges faced across the board with rising operational costs. Work will now start to explore how the Trust can absorb an element of the rising costs and minimise inflation based price rises on all products.
Expenditure YTD	3,341,578	3,631,832	-290,254	
Surplus/(Deficit) YTD	-145,172	10,439	155,611	

5.1.4

2. Surplus / Deficit Position Forecast to 31st March 2023 (as at September 2022)		Comments
Core Trust Position	Surplus/(Deficit)	
September 2022 Year to Date Plus 6 Month Budget Forecast		The initial 22/23 budget was written whilst restrictions still remained and therefore shows a large annual deficit of £667k. Restrictions were fully lifted on 14th April and since then the Trust has month on month reduced this deficit budget and are currently in a 6 month surplus of £10.5k.
Year End Surplus / (Deficit) Forecast	(£347k)	
Unrestricted Reserves 31st March 2022	£1.1m	A re-forecast budget will be created through November to provide a realistic year end outcome. Consideration needs to reflect the larger than budgetted pay award which will negatively effect the forecast at a cost of £270k and challenging utility costs as we move into winter. We therefore expect to see an annual deficit in 22/23 mainly effected by the potential staff pay award however due to improved sales across the Trust we expect the outcome to improve from the year start point
Forecast Reserves Balance	£753k	

The trust is currently in a surplus position of £10k halfway through the financial year, however, the 2022/23 pay increases are yet to be agreed and have not been factored in at this stage. Any increase in pay (if backdated to the 1 April 2022) will erode the reported surplus which will swing to a deficit position. The proposed pay award is estimated to be £270,000 for the year (including oncosts), therefore based on 6 months backdated pay award the current 6-month surplus would become a £125,000 deficit.

The full year forecast as at September 2022 is a deficit of £347,000 (an improvement compared to original estimate), this will reduce the Trust's reserve balance from £1.1m (as at 31 March 2022) to £753,000 on 31 March 2023.

5.2 **Risk including Mitigating Actions**

There is a risk associated with ineffective monitoring against the agreed performance indicators that could lead to the outcomes in the Leisure and Culture Strategy not being met, and consequently, the Trust not meeting the requirements set out in the service specification.

5.3 **Legal**

Monitoring performance in line with the agreed performance indicators is a requirement within the Service Specification, which is part of the Finance and Management Agreement. The Finance and Management Agreement represents all the legal and financial arrangements for the relationship between the Council and ALT.

5.4 **Human Resources**

There are no direct Human Resources implications associated with this report other than the allocation of time from the link officer.

6. Supporting Evidence

6.1 Performance Information and Data

6.1.1 The report includes progress against the following key performance indicators. Targets and measures have been agreed against each of these areas to provide clarity on what is expected for the Trust and also to ensure Members can make judgements on what is going well and what needs to improve. ALT have developed a visual dashboard which highlights progress against the KPIs and the current status is set out below:

Area	Target	Outcome	Key Drivers
Governance, Leadership & Advocacy	Green >90% Amber <90% >80% Red <80%	Yellow	Waiting on date for the Strategic Board meeting. Once completed this KPI will revert back to green. All else on track
Financial Sustainability	Green 1% of Target Amber <1% of Target Red >5% of Target	Green	Catering is currently not seeing the impact of the cost of living crisis with sales continuing to show good YOY growth. Reforecast due in November to set a realistic outcome on year end.
Use of the Services	Green Target met Amber 10% of target Red >10% of Target	Yellow	Marked as Amber due to footfall counter issues. Estimates have been taken using a calculation of income as a % of sites that we know are accurate
Operational Performance	Green 80%-100% Amber 70%-79% Red 0%-79%	Green	All performing well. Receiving great feedback from function bookings in BHAP where the centre (bar 1 day) is now fully booked for the remainder of the calendar year
Customer & Staff Satisfaction	Green >55% Amber <55% >45% Red <45%	Green	Ahead of benchmark for Sports Centres. should be in a position to launch NPS into all sites during Q2
Library Services Standards	Green >80% Amber 70% - 79% Red <70%	Green	No Full audit to date. Scaled down audit 21/22 resulted in all 12 core measures being met. The report has gone to BGCBC
Environmental Sustainability	Green Within 5% of Target Amber Within 10% of Target Red >10% of Target	Green	To date (September) utilities are better than Target which is set at 6% lower than base year.
Asset Management	Green >90% Amber <90% >80% Red <80%	Yellow	To date (Q2) 10 activities planned 6 completed.

This table highlights ALT is performing well against all KPIs. All areas of the business have seen year on year growth which has been in part attributed to the investments that have been made across ALT over the last 2 years such as:

- Fully refurbished Sports Centres
- Improved golf products (mini golf & upgraded driving range)
- Additional activities at Parc Bryn Bach including: paddle boarding memberships, Go-karts, outside food kiosk, newly created sensory gardens (Parc Bryn Bach & Bedwellty House) and a newly created raised patio by lake side.

6.1.2

Alongside these investments ALT have been working in close partnership with several Council departments to support various funded projects such as:

- Summer of Fun (supported by Sports Development, Libraries & park teams).
 - Welsh Government (WG) reward and recognition funding for Social Services staff (supported through a voucher scheme, team building days and meeting space).
- 6.1.3
- Supporting the Ukrainian refugee crisis with a relaxation hub, English speaking courses and employment support in the Adult Education buildings and a voucher scheme set up to allow access to leisure to help integrate into the community.
 - Assisted submission to the Rhaglen grant to support the Trinity Chapel project in Abertillery.
 - Contributing to the developments of the Shared Prosperity Fund - People and Skills plans, which will replace the current ESF Adult Employability support programmes.

Additionally, Community Hubs have been established through the libraries in partnership with the Council and feedback from the public is extremely positive. A separate Library Standards report is presented to Scrutiny after December.

The full ALT report is attached in Appendix 1.

6.1.4

6.1.5

6.2 **Expected outcome for the public**

The expected outcome for the public will be to achieve the aspirations in the Leisure and Culture Strategy

6.3 **Involvement (consultation, engagement, participation)**

The updating of the service specification and performance indicators has been developed in collaboration between the Council and the Trust.

6.4 **Thinking for the Long term (forward planning)**

Blaenau Gwent's decision to commission the provision of Leisure and Culture Services from ALT is intended to secure the long-term provision of Leisure and Culture provision in the County Borough. The monitoring and reporting process, in line with the finance and management agreement, seeks to strengthen the long-term provision by ensuring that provision is in line with what is required.

6.5 **Preventative focus**

The impact of leisure and cultural provision on wellbeing has been recognised for a long time and is preventative in its approach.

6.6 **Collaboration / partnership working**

The new governance model within the service specification ensures that collaboration is at the heart of all decisions. The Joint Strategic Partnership Group strengthens this approach and encourages greater partnership working.

6.7 *Integration (across service areas)*

The move of the client function to Education has further enhanced opportunities for integration between the Trust and across areas within the Council.

6.8 *Decarbonisation and Reducing Carbon Emissions*

The Trust play a key role in working towards this area and are actively included in the approach across the Council.

6.9 *Integrated Impact Assessment* (the screening template should be completed for any decisions to identify if a full integrated impact assessment (IIA) is needed. A full IIA will need to be completed if the decision is part of the socio-economic duty to consider how the decision might help to reduce the inequalities of outcome associated with socio-economic disadvantage).

7. *Monitoring Arrangements*

7.1 The current reporting arrangements, along with the new governance structure ensures that the performance of the Trust is transparent and accountable. Reports will be presented to CLT, Partnerships Scrutiny Committee, Cabinet, Council and the new Joint Strategic Partnership Group on a six-monthly basis.

Background Documents / Electronic Links

- Appendix 1 – 6 Month Report
- Appendix 2 - Funding