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Delivering with Less: Leisure Services – Denbighshire County Council

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Gwilym Bury, Charlotte Owen, Bethan Smith, Sara Jones and Jeremy Evans under the direction of Huw Rees.

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Summary report

Summary

What we reviewed and why

- 1 This review is a follow-up to the Auditor General's 2015 national report Delivering with Less – Leisure Services. It considers the impact of reductions in local government funding on the Council's leisure services and the effectiveness of the Council's arrangements for delivering those services.
- 2 In this report we use the term council leisure services to mean sports and recreation services provided directly or indirectly (for example, underwritten by a partnership agreement or contract). This only covers the provision and management of sport and leisure centres, including indoor and outdoor facilities and wet and dry centres on school sites¹. Our definition does not cover or include activities relating to tourism, library services, parks/open spaces, museums/heritage or the arts. Where a sports and recreation facility is also classified as a visitor attraction, such as the Nova Prestatyn, we have included this in the scope of the review.
- 3 In the 2015 national report we reported positively about Denbighshire County Council's (the Council) in-house leisure offer. We reported the Council was focussing on in-house provision of leisure services. Although the Council had previously transferred some leisure services to a Trust, the arrangements did not provide the standard of service expected and proved unsustainable. The Council in 2015 opted to improve the service by taking direct provision back in house with the stated aim of making leisure services both self-funding and central in improving the health of residents living in Denbighshire. The Council is currently considering alternative delivery models for its leisure service and decided in May 2019 to transfer the service to a local authority trading company.
- 4 This review considered:
 - whether leisure service resources had reduced since our 2014-15 report;
 - the Council's Leisure Strategy and its performance against the vision set out in the Strategy;
 - the Council's arrangements for considering the future sustainability of the leisure service and exploring and appraising alternative delivery models;
 - the Council's governance and monitoring arrangements in relation to leisure performance; and
 - how service users feel about the leisure service and whether they are able to inform service design and delivery.
- 5 We undertook the review between January and April 2019.

¹ Denbighshire sport and leisure centres are located in Corwen, Ruthin, Denbigh, Rhyl, Llangollen, St Asaph, and Prestatyn. Some of the centres are co located with schools.

What we found

- 6 Our review sought to answer the question: Does the Council have effective arrangements to ensure the service provides value for money and determine future models of leisure service delivery?
- 7 Overall, we found that: **The Council's continued investment in leisure facilities has secured good customer satisfaction, but later stages of its otherwise effective arrangements for considering alternative delivery models were rushed compromising governance.** We reached this conclusion because:
- there has been no reduction in the Council's leisure services' resources since 2014-15 and the Council continues to invest in its leisure facilities;
 - the Council has a clear vision for its leisure service and is effectively considering its financial sustainability, but later decision stages have seemed rushed compromising governance;
 - the Council has robust performance monitoring and governance arrangements, offering ample opportunity for officers and councillors to challenge leisure performance; and
 - most service users are happy with the leisure service and the Council uses customer feedback to inform the design and delivery of the service.

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	
P1	The Council should ensure that it does not compromise governance, by setting enough time for good decision making and ensuring that all information is available in good time. For example, by allowing sufficient time for pre-decision scrutiny.

The Council's continued investment in leisure facilities has secured good customer satisfaction, but later stages of its otherwise effective arrangements for considering alternative delivery models were rushed compromising governance

There has been no reduction in the Council's leisure service resources and it continues to invest in its leisure facilities

8 In reaching this conclusion we found that:

- the Council has not closed any of its sports and recreation facilities in the last four years. It has focussed instead on taking a commercial approach to leisure by investing in its facilities and growing membership and income to make the service more self-sustaining.
- there has been little change to the overall number of staff, and terms and conditions have remained the same in the leisure service over the last four years. The Council has not changed staff terms and conditions to reduce costs and has no plans to do so.
- leisure service budgets have increased over the last four years: Welsh Government data shows Denbighshire's gross revenue expenditure on recreation and sport increased by 15% between 2014-15 and 2017-18. As a result, leisure revenue expenditure per head of population is now the fifth highest in Wales.
- the Council has continued to invest in its facilities, refurbishing several existing sites including the Nova centre in Prestatyn and building SC2, a new waterpark in Rhyl. Welsh Government data² reflects this investment: capital expenditure on recreation and sport increased by 374% between 2014-15 and 2017-18, making Denbighshire's capital expenditure per head of population the highest in Wales.
- over the same period, total income from recreation and sport increased by 24%. As a result, Denbighshire's leisure income per head of population is currently the third highest in Wales.
- leisure facility membership numbers have increased by 48% in the last four years, suggesting the Council's investment in its facilities is attracting new members and boosting income. The Council has also sought innovative ways to increase its income such as developing a UK Leisure Framework with an external partner, which generates income for the Council when other organisations use the framework.

² Welsh Government data (Stats Wales - <https://statswales.gov.wales/Catalogue>) on expenditure includes investment in SC2 a new water park in Rhyl which is not part of Denbighshire's traditional municipal sport and leisure centre offer. Throughout this report we have used Welsh Government financial data.

The Council has a clear vision for its leisure service and is effectively considering its financial sustainability, but later decision stages have seemed rushed compromising governance

9 In reaching this conclusion we found that:

- the Council's Leisure Strategy and annual business plans set out clear priorities to provide a high quality, sustainable leisure service. The Strategy states: 'By 2020 Denbighshire will be renowned for high quality, accessible leisure opportunities attracting high levels of participation and improving the well-being of its residents and visitors.'
- the current in-house leisure model is partly delivering the vision of the Leisure Strategy:
 - the number of people visiting Denbighshire sport and leisure centres to participate in physical activity³ has increased 14% since 2014-15. This is against an all-Wales reduction of 2% over the same period and places the Council seventh highest in Wales.
 - the Council's leisure facilities are in good condition and well equipped.
 - recent Wales Audit Office and Council surveys found high levels of satisfaction with the Council's leisure service.
 - the Council can demonstrate examples of improved wellbeing through leisure.
 - however, although leisure income has increased, expenditure has also increased, and the service is not yet self-funding.
- in order to ensure the future sustainability of the service, the Council is considering alternative delivery models. The Council established a Project Board and Project Team, which provides an effective structure to explore the options and develop proposals to present to councillors. This has helped the Council ensure effective management of potential conflicts of interest. However, the Council needs to remember that those with interests should avoid being present at any meeting where decisions are taken. It is not enough for them not to speak, presence can itself be viewed as influencing the outcome.
- the Council has taken a methodical approach to reviewing and comparing potential alternative delivery options. These included retaining the service in-house or outsourcing to the private sector, a leisure trust or a local authority trading company (LATC).
- the Council's preferred option – an LATC, wholly owned by the Council – presents clear financial benefits. The Council sought independent advice on

³ Defined as the number of visits during the year to Denbighshire sport and leisure centres per 1,000 population where the visitor will be participating in physical activity.

tax savings. This advice suggested that National Non-Domestic Rates and VAT savings would be in the region of £800,000 a year, savings that if the Council retained the service in house could not be made. The LATC will also be able to trade more commercially, offering the opportunity to increase leisure income and reduce the Council subsidy, whilst remaining under Council control.

- these benefits are clearly set out in a business case presented to Cabinet. The Council shared a draft version of the business case with Cabinet members at a briefing session two weeks prior to the formal Cabinet meeting. The final version of the business case was then shared with all councillors as part of the Cabinet papers. The business case is detailed and includes an options appraisal of the various LATC models available. However, it does not include the original options appraisal that considered all potential delivery models. Including this options appraisal as an appendix to the business case would improve transparency and ensure that Cabinet members have access to the full range of options before deciding.
- the Council has actively involved all councillors throughout the process and those we spoke to were well informed about the proposals. However, due to the limited time availability of the final business case, scrutiny members had little time to read and understand all the information and consider whether it should be subject to pre-decision scrutiny.

The Council has robust performance monitoring and governance arrangements, offering ample opportunity for officers and councillors to challenge leisure performance

10 In reaching this conclusion we found that:

- the Council has a clear accountability structure for commercial leisure, and a comprehensive management information dashboard system allows officers to monitor performance and usage data.
- the Leisure service uses this data effectively. For example, it uses usage data to determine whether to reduce or expand a particular service or fitness class. It also uses trends in leisure membership numbers to inform marketing campaigns and offers.
- officers and the Head of Service monitor and challenge performance at regular service-level meetings. Leisure performance is also reviewed by the Strategic Planning and Performance Team and scrutinised on an exception basis.
- there are no recent examples of leisure reports going to Scrutiny Committee. However, councillors have access to leisure performance data and councillors we spoke to demonstrated good understanding of the service and its performance.

- annual service challenges also provide both senior officers and councillors the opportunity to scrutinise and challenge leisure performance.
- governance and accountability arrangements for the proposed LATC will include oversight by a Strategic Governance Board and Scrutiny Committee, as well as regular contract management and councillor and officer involvement on the company's board. These arrangements will be developed more fully once the Council has decided whether to proceed with the proposals.

Most service users are happy with the leisure service and the Council uses customer feedback to inform the design and delivery of the service

11 In reaching this conclusion we found that:

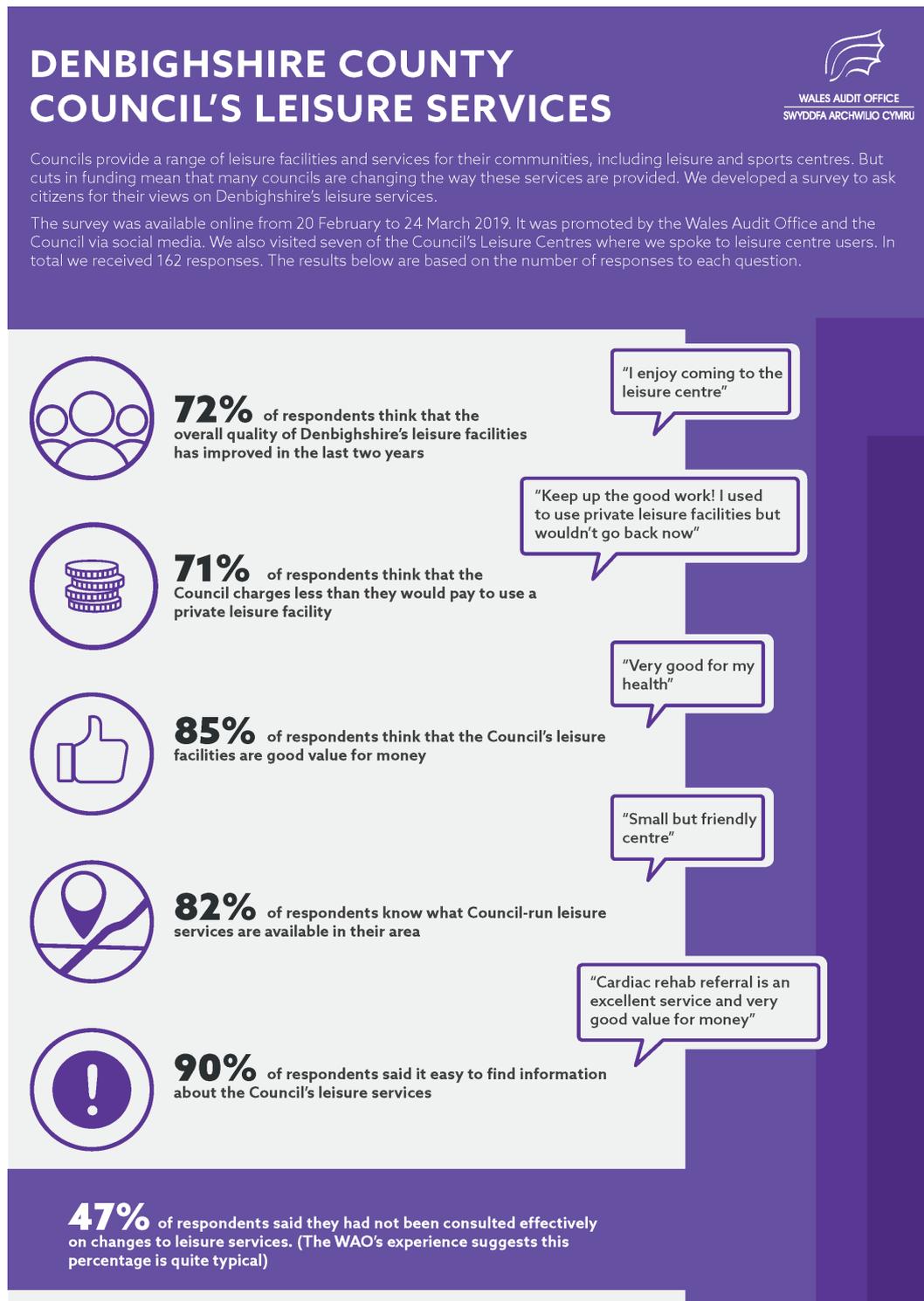
- most respondents to our survey⁴ are happy with Denbighshire's leisure services:
 - 72% think the quality of the service has improved in recent years
 - 85% consider the service good value for money
- most people we spoke to were well informed about local leisure services:
 - 82% are aware what services are available locally
 - 90% said it is easy for them to find the information they need
- the Council proactively engages with service users and can demonstrate that it uses customer feedback to inform service design and delivery. For example, when upgrading its fitness suites, the Council consulted leisure users on the proposed equipment and layout and changed the plans in response to people's suggestions.

⁴ In February and March 2019, the Wales Audit Office conducted a survey to gather citizen's views on leisure services in Denbighshire. The results of the survey are summarised in Appendix 1.

Appendices

Survey results infographic

Exhibit 2: survey results infographic



The most popular reasons for choosing to use the Council's leisure services are:



37%

convenient location



12%

reasonable costs



11%

no local alternatives

The leisure facilities most used by respondents are:



58%

Gym



56%

Swimming pool



27%

fitness classes

"Brilliant and vital service! Very helpful staff who provide a personal service"

"Tidy centre and friendly staff"

"Very pleased with service. Prices for over-60s are very good - reduced rates and free swimming"

"Staff very good. Always very clean, including showers. Well run"

"Staff are great - they know everyone - it's like a family"



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