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Auditor General for Wales

Well-being of Future Generations: An examination of the transfer of leisure facilities to the Council's new delivery partner – **City and County of Swansea 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 Colin Davies, Justine Morgan, Gareth W. Lewis, and Sara Leahy under the direction of Huw Rees.

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Summary report

Summary

Why we undertook the Examination

- 1 In accordance with the Well-being of Future Generations (Wales) Act 2015 (the Act) the Auditor General for Wales (the Auditor General) 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 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'.
- 3 The Auditor General must provide a report on his examinations to the National Assembly for Wales at least a year before each Assembly election. The first such report must be published by 2020, before the 2021 Assembly election.
- 4 The Auditor General has undertaken examinations across the 44 bodies covered by the Act to inform his report to the National Assembly during 2018-19 and 2019-20.
- 5 The findings in this report are based on fieldwork that we undertook during the period August 2019 to October 2019.
- 6 This report sets out our findings from our examination of 'effecting the successful transfer of leisure facilities to the Council's delivery partner', a step the Council is taking to meet its well-being objectives.
- 7 It also sets out the Council's initial response to our findings.

What we examined

- 8 We examined the extent to which the Council is acting in accordance with the sustainable development principle in effecting the successful transfer of leisure facilities to the Council's delivery partner.
- 9 In order to act in accordance with the sustainable development principle, public bodies must take account of the following 'ways of working':

Exhibit 1: The 'five ways of working'

The table below sets out the 'five ways of working' as defined in the Welsh Government's **Well-being of Future Generations (Wales) Act 2015 The Essentials**¹ document.

The Five Ways of Working
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.

- 10 Our examination found that: **the Council has taken appropriate steps to ensure the current service is sustainable but has yet to develop its strategy and intended outcomes for the future provision of leisure services in Swansea.**

¹ Welsh Government, **Well-being of Future Generations (Wales) Act 2015 The Essentials**, 2015.

Detailed report

Part One: Examination Findings

The Council has sought to meet the short-term needs of making savings and maintaining leisure provision, but has yet to set out the long-term direction of Leisure Services

What we looked for

- 11 We looked for evidence of:
- a thorough understanding of current and long-term needs and the associated challenges and opportunities;
 - planning over an appropriate timescale
 - resources allocated to ensure long-term benefits; and
 - appropriate monitoring and review.
- 12 Our examination was also informed by the positive indicators for the 'long term' that we have identified and used as part of this examination.²

What we found

- 13 We identified the following strengths:
- the Council recognised continuing with an 'in-house' leisure service meant facilities would decline and could eventually close. Long-term deliverability of leisure services was at risk.
 - partnering with Freedom Leisure enables the Service to continue to deliver its priorities and allows further investment in the leisure facilities.
 - the Council has entered into a 19.5-year contract, representing a long-term commitment.
 - capital investment and actioning the maintenance backlog represents a long-term commitment to improving the facilities.
- 14 We identified the following areas for improvement:
- the Council needs to prioritise its Culture Strategy, which should provide Freedom Leisure with a strategic, long-term framework for the Service in which outcomes can be recorded, monitored and reported;
 - use data to understand the current situation and future need for leisure provision;

² See Appendix 1

- clarify the role leisure plays in meeting the Council's long-term, wider ambitions;
- whilst the record of the decision to contract with Freedom Leisure set out that in taking the decision councillors should consider the principles of the WFG Act, it is unclear what that consideration consisted of;
- the Leisure Service found it challenging to be the first service to go through the Council's Commissioning Review process – the Service was the vanguard and there are opportunities to share the learning more widely;
- due to the current focus on delivering capital projects:
 - the arrangements to monitor and review the contract are not yet in place;
 - the format and content of the quarterly monitoring report are not finalised by either party involved in the contract.

The Council has prevented its leisure assets and services declining over time, however it has still to determine how the Leisure Service can deliver preventative benefits and who else it will need to work with to maximise them

What we looked for

- 15 We looked for evidence of:
- a thorough understanding of the nature and type of problem the step could help prevent from occurring or getting worse;
 - resources allocated to ensure preventative benefits will be delivered; and
 - monitoring and review of how effectively the step is preventing problems from occurring or getting worse.
- 16 Our examination was also informed by the positive indicators for 'prevention' that we have identified and used as part of this examination.³

What we found

- 17 We identified the following strengths:
- the focus of this step was to ensure the long-term sustainability of a leisure service for the citizens of Swansea by entering into a 19.5-year contract – to prevent the service and assets declining over time and eventually disappearing;

³ See Appendix 1.

- protected delivery of a local service to residents otherwise deemed low priority financially (compared to education, social services, health, and wellbeing) but which indirectly contributes to all of those priorities;
- improved services and facilities to the public, stakeholders and schools which is anticipated to increase use of facilities and, in the longer term, improve health and wellbeing benefits;
- a joint leisure offer for residents that incorporates community sites and the LC, as well as options to use other sites operated by Freedom Leisure outside Swansea including Powys and Wrexham;
- the Council has maintained a core ‘in-house’ management team to oversee Leisure Services and manage the contract with Freedom Leisure:
 - the in-house team maintains policy and strategy for leisure provision;
 - this team is also available to offer advice to the wide range of sports clubs throughout Swansea;
 - the Service has retained relevant skills and knowledge for the Council.

18 We identified the following areas for improvement:

- the Council is aware that it could have documented its preventative agenda more strongly. It has recognised the need to complete its Cultural Strategy, more clearly demonstrate evidence of its preventative way of working, and establish measures to evaluate impacts and outcomes.
- the Council could make further progress in determining how it will evaluate the impact of the changes it has made:
 - the Council stated it is responding to the Welsh Government and providing the information for the performance indicators it has put in place.
 - these performance indicators are largely quantitative (eg headcount figures) and do not allow the Council to measure or demonstrate the impacts and outcomes the changes are having.
 - the Council is aware it could do more in this area in order to identify the answer to the ‘so what?’ question.

The Council understands how its Leisure Service can contribute to the achievement of some well-being objectives, but needs to strengthen the connections with other Council services and partners

What we looked for

- 19 We looked for evidence of consideration of:
- how this step could contribute to the seven national well-being goals;
 - how delivery of this step will impact on the Council's well-being objectives and wider priorities; and
 - how delivery of this step will impact on other public bodies' well-being objectives.

What we found

- 20 We identified the following strengths:
- strategically, the protection of a local Leisure Service will contribute to the Council's objectives regarding city centre regeneration and poverty prevention. The Council believes that the continued provision of leisure facilities, and the enhancement of those facilities, will deliver increased usage of the facilities and improvements to health and wellbeing benefits.
 - the Council and Freedom Leisure have integrated well with the school sites to finalise the contracting arrangement:
 - the Council has consulted with the school sites through the process.
 - the schools will have improved leisure facilities with better safeguarding and access provision.
- 21 We identified the following areas for improvement:
- the Council intends to prioritise the completion of its Culture Strategy, illustrating how Leisure contributes to the delivery of well-being objectives.
 - the Council has thought about how leisure can improve wellbeing but needs to understand how leisure can help other Council services and partners to achieve their objectives.
 - the contract relationship is in its infancy, and the Council recognises that it needs to feature Freedom Leisure's detailed work in the Council's corporate and service plans.
- 22 Our examination was also informed by the positive indicators for 'integration' that we have identified and used as part of this examination.⁴

⁴ See Appendix 1.

The Leisure Service has collaborated well with partners in the past and the early relationship with Freedom Leisure is positive, but the Service has not yet finalised how the collaboration will be monitored

What we looked for

- 23 We looked for evidence that the Council:
- has considered how it could work with others to deliver the step (to meet its well-being objectives, or assist another body to meet its well-being objectives);
 - is collaborating effectively to deliver the step; and
 - is monitoring and reviewing whether the collaboration is helping it or its stakeholders meet well-being objectives.

What we found

- 24 We identified the following strengths:
- the Leisure Service is proud of the relationship it has formed with Freedom Leisure:
 - the Council believes there is a cultural fit between the two parties;
 - Freedom Leisure has a clear understanding of the Council's priorities;
 - the relationship is viewed as contracting not outsourcing;
 - the Council states it's a two-way relationship – Freedom Leisure feeds into the Council's Corporate Plan but must also respond to that Plan;
 - the Leisure Service has a track record of collaborating with other partners in delivering leisure (eg the National Pool, Swim Wales, Sports Wales, and the LC);
 - there has been close, collaborative working with schools regarding the leisure centres on school sites.
- 25 We identified the following areas for improvement:
- the Council should embed the arrangements for monitoring and reviewing the contract and the long-term aims that it will need to set out through its Culture Strategy:
 - the intent of both parties is to have quarterly meetings, however meetings are happening more frequently during the early phase of the contract and capital project development.
 - there has only been one monitoring report from Freedom Leisure since the contract started in October 2018. The second report, covering two quarters' performance, is due imminently.

- The format and content of the quarterly monitoring report have not yet been finalised by either party involved in the contract. The content of the Outcomes Scorecard (a requirement of the contract) is yet to be finalised.
 - The Leisure Service should identify opportunities to work with other partners to shape leisure provision over the long term.
- 26 Our examination was also informed by the positive indicators for 'collaboration' that we have identified and used as part of this examination.⁵

The Council has involved schools and Trades Unions in the transfer of leisure facilities, but has not yet engaged the public and has an opportunity to do this through the development of its Culture Strategy

What we looked for

- 27 We looked for evidence that the Council has:
- identified who it needs to involve in designing and delivering the step;
 - effectively involved key stakeholders in designing and delivering the step;
 - used the results of involvement to shape the development and delivery of the step; and
 - sought to learn lessons and improve its approach to involvement.

What we found

- 28 We identified the following strengths:
- the Council built up a solid evidence base throughout the process. This was useful in answering questions and helped to inform and involve staff and elected members in how the Council made the decision to contract with Freedom Leisure.
 - the Leisure Service involved schools closely in the process to ensure they were on board with the arrangements – identifying what was important to them regarding improved safeguarding measures and site access.
 - the Council completed an in-depth process involving staff and Trades Unions directly affected by the transfer of leisure facilities to Freedom Leisure:
 - the Council believes this was essential to ensure staff involvement from 'Day One'.

⁵ See Appendix 1

- briefings were held in the evenings and on weekends to reach as many people as possible.

29 We identified the following areas for improvement:

- the Council considered engaging with the public over the decision to contract and decided the public would not be interested in who the final provider was. However, the Council should involve the public in determining the type of leisure services they want and need over the long term. The creation of the Culture Strategy provides this opportunity.
- the Council and Freedom Leisure should action the requirements of the contract to report against the five ways of working in their quarterly reporting arrangements. This should also include the public's view on the service provision.

Part Two: Council's response

30 This report presents our findings to the Council following the conclusion of our fieldwork. Key actions for the Council to prioritise in response to the identified areas for improvement are to develop and publish its Culture Strategy, and design and embed appropriate performance monitoring and reporting arrangements. In parallel with this review, we conducted a separate but related 'Delivering with Less – Leisure Services Follow Up' review, which also highlighted these issues. In reporting that work to the Council in February 2020, we made the following proposal for improvement:

Exhibit 2: proposal for improvement

Proposal for improvement (Delivering with Less – Leisure Services Follow Up)

- P1 The Council needs to finalise its Culture Strategy to provide a strategic direction for the service and in doing so, the Council should ensure:
- the development of an outcomes scorecard provides Freedom Leisure with clear outcomes and a strategic direction for the service;
 - there are effective performance monitoring arrangements with Freedom Leisure; and
 - appropriate consideration is given to the impact of the strategy and future service provision on economic, social, environmental and cultural wellbeing by applying the principles of the Well-Being of Future Generations (Wales) Act.

31 We will continue to monitor the Council's progress in implementing these actions, and the extent to which they address the issues we have identified in our findings.

Appendix 1

Positive Indicators of the Five Ways of Working

Exhibit 3: Positive Indicators of the Five Ways of Working

The table below sets out 'positive indicators' for each of the five ways of working that we have identified. We have not used the indicators as a checklist. They should be viewed as indicators. They helped us to form conclusions about the extent to which a body is acting in accordance with the sustainable development principle in taking steps to meet its well-being objectives.

What would show a body is fully applying the long-term way of working?

- There is a clear understanding of what 'long term' means in the context of the Act.
- They have designed the step to deliver the well-being objective/s and contribute to the their long-term vision.
- They have designed the step to deliver short or medium-term benefits, which are balanced with the impact over the long term (within the project context).
- They have designed the step based on a sophisticated understanding of current and future need and pressures, including analysis of future trends.
- Consequently, there is a comprehensive understanding of current and future risks and opportunities.
- Resources have been allocated to ensure long-term as well as short-term benefits are delivered.
- There is a focus on delivering outcomes, with milestones/progression steps identified where outcomes will be delivered over the long term.
- They are open to new ways of doing things which could help deliver benefits over the longer term.
- They value intelligence and pursue evidence-based approaches.

What would show a body is fully applying the preventative way of working?

- The body seeks to understand the root causes of problems so that negative cycles and intergenerational challenges can be tackled.
- The body sees challenges from a system-wide perspective, recognising and valuing the long-term benefits that they can deliver for people and places.
- The body allocates resources to preventative action that is likely to contribute to better outcomes and use of resources over the longer term, even where this may limit the ability to meet some short-term needs.
- There are decision-making and accountability arrangements that recognise the value of preventative action and accept short-term reductions in performance and resources in the pursuit of anticipated improvements in outcomes and use of resources.

What would show a body is taking an 'integrated' approach?

- Individuals at all levels understand their contribution to the delivery of the vision and well-being objectives.
- Individuals at all levels understand what different parts of the organisation do and proactively seek opportunities to work across organisational boundaries. This is replicated in their work with other public bodies.
- Individuals at all levels recognise the cross-organisation dependencies of achieving the ambition and objectives.
- There is an open culture where information is shared.
- There is a well-developed understanding of how the well-being objectives and steps to meet them impact on other public sector bodies.
- Individuals proactively work across organisational boundaries to maximise their contribution across the well-being goals and minimise negative impacts.
- Governance, structures and processes support this, as do behaviours.

What would show a body is collaborating effectively?

- The body is focused on place, community and outcomes rather than organisational boundaries.
- The body has a good understanding of partners' objectives and their responsibilities, which helps to drive collaborative activity.
- The body has positive and mature relationships with stakeholders, where information is shared in an open and transparent way.
- The body recognises and values the contributions that all partners can make.
- The body seeks to establish shared processes and ways of working, where appropriate.

What would show a body is involving people effectively?

- Having an understanding of who needs to be involved and why.
- Reflecting on how well the needs and challenges facing those people are currently understood.
- Working co-productively, working with stakeholders to design and deliver.
- Seeing the views of stakeholders as a vital sources of information that will help deliver better outcomes.
- Ensuring that the full diversity of stakeholders is represented and they are able to take part.
- Having mature and trusting relationships with its stakeholders where there is ongoing dialogue and information is shared in an open and transparent way.
- Ensure stakeholders understand the impact of their contribution.
- Seek feedback from key stakeholders which is used to help learn and improve.

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