



Review of the development of a sport and leisure strategy

Caerphilly County Borough Council

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Status of report

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Summary report

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1. Following discussions with Caerphilly County Borough Council (the Council), a review of sports and leisure services was included in the Wales Audit Office's 2015-16 programme of audit work at the Council. The decision to undertake this review recognised the risks and challenges facing the Council in this area. These risks and challenges included financial pressures, the condition and scale of the Council's leisure assets, and the health profile of the local population.
2. Whilst there is no statutory duty on councils to provide leisure services, sports and leisure play a key part in improving health and well-being. The Chief Medical Officer for Wales' Annual Report 2013-14 outlined the importance of physical activity in addressing public health concerns¹. The Report highlights a range of benefits of physical activity including reducing the risk of cardiovascular disease and some types of cancers as well as improvement in body weight control, and positive impacts on mental health.
3. Addressing public health issues and inequalities in health is a key commitment of the Welsh Government. This commitment is outlined in **Climbing Higher**, the Welsh Government's long-term vision and plan for making Wales a more physically and mentally healthy nation². The Welsh Government recognises the important role leisure services play in achieving this vision.
4. As a discretionary service, councils determine which leisure services they provide and the method of service delivery. The Council currently directly provides its sports and leisure services. Our **Delivering with Less; Leisure Services** report published in December 2015³ found that many councils are undertaking options appraisals to identify the most appropriate future delivery model. Councils have considered, or are considering, a variety of options. These include partnership with a private sector provider, setting up a new trust, transferring management to an existing trust, voluntary sector management and withdraw/closure of facilities.

¹ Welsh Government, **Chief Medical Officer for Wales Annual Report 2013-14: Healthier, Happier, Fairer**, September 2014.

² Welsh Government: Sport and active recreation webpage

³ Wales Audit Office, [Delivering with Less: Leisure Services](#), December 2015.

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5. Improving awareness, access, variety and use of leisure, community and sporting facilities within Caerphilly County Borough had previously been one of the Council's improvement objectives.
 6. The Council's Annual Performance Report 2014-15 assessed its progress towards achieving this improvement objective as partially successfully. The Council concluded that it had made good progress against all the actions, including: increasing levels of participation; improving a range of leisure facilities; growing its 'Thriving Clubs' scheme; and improving customer retention levels and the numbers of direct debit memberships. The Council's Centre of Sporting Excellence opened in 2014-15 and is regularly used by professional sports clubs, such as the Gwent Dragons and Cardiff City Football Club. The Council has also increased the level of participation in the National Exercise Referrals Scheme (NERS).
 7. The Council improved its performance against the national strategic indicator, 'the number of visits to local authority sport and leisure facilities during the year per 1,000 population where the visitor will be participating in physical activity'. The number of visits increased from 7,554 in 2014-15 to 7,773 in 2015-16 but the Council failed to meet its target of 8,184. The Council's performance ranked it 16th out of 22 Welsh councils for this indicator in 2014-15.
 8. The Council recognises in its Annual Performance Report 2014-15 that many challenges remain, particularly to increase the numbers of children who are able to swim. Its performance against the percentage of 11 year olds able to swim 25 metres declined from 58 per cent in 2013-14 to 53 per cent in 2014-15. The Council's 2014-15 performance failed to meet its target of 63.5 per cent and was significantly below the Welsh average.
 9. In 2015, the Council decided not to have a specific improvement objective relating to its sports and leisure services. The Council stated in its Corporate Plan 2015-16 that: 'in recognition of the financial climate and the austerity measures impacting on the Council's budget we have to recognise that we may not be able to improve on the range and use of leisure services that we provide. Whilst we are looking at different ways to provide leisure, sporting and community facilities we believe we should not carry on with this objective at this time.' However, there are clear priorities within the Caerphilly Single Integrated Plan 2013-17, **Caerphilly Delivers**⁴, and the Council's priorities to which leisure and sports services contribute, most notably to improving the health and well-being of citizens. The Council's sports and leisure services continues to play a part in the 2015-16 Improvement Objective 3: 'closing the gap in life expectancy for residents between the most and least deprived areas in the borough'.
 10. The health profile of the area is a significant concern. The Welsh Health Survey 2012-13⁵ found that 71 per cent of adults in Caerphilly did not meet the national physical activity guidelines. It also found that 63 per cent of adults were categorised as overweight or obese compared to the Welsh average of 58 per cent. Obesity levels of

⁴ **Caerphilly Delivers** is the Single Integrated Plan for the County Borough of Caerphilly. It was developed by the Caerphilly Local Service Board and sets out the long-term vision and priorities for Caerphilly.

⁵ **Welsh Health Survey 2012-13.**

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- adults and children are some of the worst in Wales. Caerphilly has some of the most deprived communities in Wales and life expectancy is below the Welsh average.
- 11.** Our review sought to answer the following question: Is the Council's Sport and Leisure Strategy likely to meet the future needs of the Council and citizens?
 - 12.** When we reviewed the Council's approach to developing its sports and leisure strategy, we expected to find a number of key elements, such as:
 - an agreed vision;
 - delivery/project plan setting out the key milestones in the development of the strategy and its implementation;
 - robust options appraisals, which assess the financial implications, risks and impacts of these options and the sustainability of future service provision;
 - citizen and stakeholder engagement; and
 - clear governance and accountability mechanisms for reporting performance and monitoring the development and implementation of the strategy.
 - 13.** However, our review has concluded that the Council responded to its financial pressures in 2012 by reviewing its leisure centres and outdoor recreation and leisure facilities but given its stronger financial position for 2016-17 onwards, the Council can now take stock to adopt a more holistic and strategic approach to reviewing its sports and leisure services to ensure that together they can meet the future needs of its citizens.
 - 14.** We came to this conclusion because we found that:
 - the Council has reviewed its core leisure facilities but does not yet have a clear vision or an integrated sports and leisure strategy that sets a clear direction for future leisure provision;
 - whilst there have been some good examples of stakeholder engagement, the Council lacks a project and engagement plan for developing an integrated sports and leisure strategy;
 - the Council has substantial budgetary pressures over the medium term but has not yet fully addressed the growing financial risks in sports and leisure services; and
 - until recently, the Council's approach to addressing the challenges facing sports and leisure services has not been sufficiently strategic but the Council is now strengthening its project management arrangements to help resolve this.

Proposal for improvement

P1. The Council needs to develop and agree a holistic vision and strategy for its sports and leisure services, and set out how it will achieve this within the next 12 months. In doing so, the Council should ensure that:

- there is effective corporate oversight of the process;
- relevant expertise from across the Council is involved at an early stage;
- there is a clear plan for public and stakeholder engagement;
- there are clear links to key corporate plans and priorities, particularly the medium term financial plan;
- options appraisals are undertaken based on a robust information base and the costs, benefits, risks and impacts of each of the options are assessed;
- appropriate consideration is given to the impact of the strategy and future service provision on economic, social, environmental and cultural well-being by applying the principles of the Well-Being of Future Generations (Wales) Act;
- governance and accountability mechanisms are identified to report and monitor progress in developing and implementing the vision and strategy; and
- consideration is given to whether the capacity of the service to develop and implement an integrated sports and leisure strategy needs to be strengthened.

Detailed report

The Council has reviewed its core leisure facilities but does not yet have a clear vision or an integrated sports and leisure strategy that sets a clear direction for future leisure provision

15. Staff are clearly very passionate about the work they are doing in sports and leisure services. We reviewed a number of documents, which highlighted the positive impact that programmes, such as 'Positive Futures' and 'Love our Lives,' are having on individuals. However, whilst staff and members refer to visions contained in national sport and health strategies, the Council has not articulated its own vision for sports and leisure services. It is not clear what the Council wants to achieve from its sports and leisure services.
16. The Council has never had an integrated sports and leisure strategy and it recognises that it needs one to provide direction for its sports and leisure services, but this is not yet in place. It is positive that the Council has undertaken some of the core elements needed to inform the development of a strategy. This work includes its review of outdoor recreation and leisure facilities, and its strategic review of leisure centres. We understand from some members and officers that the Council plans to develop a strategy focusing on the role sports and leisure services can play in improving the health and well-being of citizens. In its review of outdoor recreation and leisure facilities, the Council recognised that 'While a review of the number, type and quality of facilities provides useful information to inform future land use planning and investment strategies, it only represents part of the picture in terms of the public health agenda.' The review of outdoor recreation and leisure facilities included a recommendation to 'Facilitate a study between Sport/Leisure and Public Health Professionals to establish how, when and where resources can be targeted to improve activity levels amongst the County Borough's neediest population groups.'
17. Officers and members interviewed as part of our review informed us that the strategic review of leisure centres was started at a time of considerable financial challenge and they were keen that a fundamental review of facilities was undertaken in order to influence the future use of resources.
18. The need to address the state of the Council's leisure assets has driven the Council's focus to date. This is consistent with the findings of our Delivering with Less: Leisure Services report published in December 2015, which found that councils' approaches to leisure services focus on addressing immediate financial challenges rather than taking a strategic approach to future provision.
19. However, whilst it is evident that the work undertaken to date is a step forward, we found that the strategic review of leisure centres and the review of outdoor recreation and leisure facilities have not been sufficiently robust and have not been underpinned by a holistic approach to sports and leisure. The Council would benefit from bringing these two reviews together with consideration of how sports and leisure can improve

health and well-being to develop a more strategic and wider approach to how sports and leisure services can meet the future needs of its citizens.

20. From April 2016, the Well-being of Future Generations (Wales) Act will require named public bodies, including councils, to make decisions in a sustainable way, by thinking about the long-term implications of their decisions and actions. Although the Council is an early adopter of the principles of the Act it has not sufficiently considered the sustainable development principles in its planning for sports and leisure services to date.

Whilst there have been some good examples of stakeholder engagement, the Council lacks a project and engagement plan for developing an integrated sports and leisure strategy

21. The Council does not yet have a project plan setting out the key milestones and timescales for developing an integrated sports and leisure strategy. Moreover, there is no consensus about the broader nature of the strategy, the next steps in its development, and timescales for implementation.
22. The Council has constructively engaged head teachers and Sports Wales in the strategic review of leisure centres. There are also examples of collaborative regional working, such as the Gwent regional change programme and sports development involvement in Active Gwent. However, the Council does not have a clear consultation and engagement plan to inform the development of a sports and leisure vision and strategy. There has been limited broader stakeholder engagement, such as with the health board, despite the contribution of the sports and leisure service to the shared health and well-being objectives set out in **Caerphilly Delivers**.
23. Public engagement on the future of sports and leisure services has been of limited value. The questions asked of the public were primarily directed at the future needs of existing service users rather than the future needs of the wider public. The Council promoted its consultation with local clubs, Community Councils and at its sports and leisure facilities. It also promoted the consultation on line and through its local newsletter, **Newsline**, which goes to every household in the County Borough. Despite this, the response rate was low. The consultation, therefore, does not provide members with a robust analysis of public views, which they can use to make an informed decision about the future of the Council's leisure and sports services.

The Council has substantial budget pressures over the medium term but has not yet fully addressed the growing financial risks in sports and leisure services

24. As resources reduce, many councils are reviewing the provision and delivery of leisure services to assist in meeting these financial demands. In February 2015, the Council

identified a budget shortfall of £12.8 million for 2015-16, a further £14 million for 2016-17 and £12.1 million for 2017-18.⁶ Following the Comprehensive Spending Review in 2015, the Council has been informed that it will receive a more positive Revenue Support Grant settlement from the Welsh Government than the Council had anticipated. The Council is in the process of revising and agreeing a five year Medium Term Financial Strategy (MTFP). The revised MTFP still requires substantial savings to meet budgetary shortfalls. However, the Council estimates that it will need to deliver the majority of savings towards the end of the five year period. This will allow the Council time to develop a full options appraisal for its sport and leisure services taking into account the need to realise savings and the impact on service users.

25. Our **Delivering with Less: Leisure Services** review found that the Council has a declining subsidy position for sports and leisure services. In 2014-15, Caerphilly had the second highest subsidised service (£9.2 million) when compared to other Welsh councils. Its level of expenditure has also increased from £11.4 million in 2009-10 to £13.9 million in 2014-15. Caerphilly's increase in expenditure was the largest in Wales (21.4 per cent). These figures are derived from the Council's annual revenue outturn to the Welsh Assembly and include a range of services including community centres and allotments. The Council's specific budget for sports and leisure is approximately £3 million for 2016-17 and the service has seen a 20 per cent reduction in its budget over the past two years.
26. The Council has established the following five principles, which will be taken into account in the identification of its savings proposals:
- protecting front-line services where we can and reducing expenditure on management and administrative costs;
 - increasing fees and charges where appropriate;
 - reducing, rather than removing, services where possible;
 - focussing on priorities; and
 - looking at alternative ways of delivering services (collaboration, partnerships, community trusts, etc).
27. The Council has 11 leisure centres, eight of which are located on school sites. The Council has undertaken a detailed condition survey of its 11 leisure centres rating three as good, five as satisfactory and three as poor. It has estimated that its annual maintenance costs of its leisure centres is £3.3 million. Caerphilly leisure centre is of particular concern to the Council, with estimated urgent maintenance costs of approximately £1 million. It recognises that its sports and leisure asset base is unsustainable and that its existing approach to savings will not address the financial risks facing the Council. The strategic review of leisure centres recommends the rationalisation of its leisure centres from 11 to four centres.
28. The Council has not yet adequately assessed the costs and impact of implementing this rationalisation. It has not set out the costs of building a new facility in the north of

⁶ Caerphilly County Borough Council Budget Proposals 2015-16 and Medium Term Financial Strategy 2015-18, February 2015.

the county or the costs of transferring the leisure centres to schools. The Council does not currently have the capital budget to build a new facility and has not made provision for this within its existing MTFP. This was underlined within the financial implications section of the officer's covering report to the strategic review of leisure centres considered by the Regeneration and Environment Scrutiny Committee in October 2014, which stated: 'it is important for members to realise that any strategy is set against a backdrop of the Authority having less money to spend and not more. In this regard the leisure service is likely to have a budget reduction of circa 20% over the next three years... It is important for the Committee to be aware that there is currently no provision in the capital programme to deliver the recommendations.'

29. The full proposals within the Council's strategic review of leisure centres, therefore, do not currently support the delivery of its medium-term financial plan. However, we understand that the Council has included the transfer of Bedwas leisure centre to the local secondary school as part of its 2017-18 budget proposals. It has already completed the transfer of the Cwmcarn Leisure Centre to Cwmcarn High School. We also acknowledge that, to date, the Leisure service has contributed to the delivery of the savings the Council has required to meet its budget shortfall.
30. The Council's strategic review of leisure centres did not explicitly consider the impact of the closure of facilities but the public were given the opportunity to comment on the Council's strategic review. However, the Council's consultation lacked detail as to the costs of proposals. In some areas of the county, the consultation raised public expectations about future leisure provision.
31. Moreover, the Council has not yet fully assessed the alternative delivery models for the future of its sports and leisure service provision. The Regeneration Scrutiny Committee discussed a paper on leisure management options at the same meeting as the strategic review of leisure centres in October 2014. These options included maintaining services in-house, setting up a leisure trust, joining an existing or hybrid trust, and outsourcing to the private sector. However, the Regeneration Scrutiny Committee considered the management options paper and strategic review of leisure services in isolation. Whilst the management options paper highlighted the key general features of each option, it did not assess the options in the local context of Caerphilly.
32. Our **Delivering with Less: Leisure Services** report highlighted that those councils that have changed their operating model tend to have lower levels of expenditure. The report cites the examples of Torfaen, the Vale of Glamorgan, Bridgend, Blaenau Gwent and Neath Port Talbot. It shows that following the transfer of leisure services there was an average reduction in expenditure of £2.4 million per council. Our report also emphasises the need for councils to undertake robust options appraisals based on good quality information when considering service delivery models.
33. The Council's strategic review of leisure centres made reference to the Centre of Sporting Excellence in Ystrad Mynach, but it was not considered as part of its options. In its first year of operation, the Council has needed to subsidise the facility. However, the Council agreed it would be cost neutral. We understand that the Council's Corporate Management Team has considered the embryonic stage of this facility and the associated challenges. Corporate Management Team has tasked the Head of

Service with the development of a business plan for the Centre of Excellence in order for it to be cost neutral in the future.

34. The Council is one of 13 Welsh councils that has increased its level of income from sports and leisure services between 2009-10 and 2014-15. A key element of the savings plans for the sports and leisure service is to increase further this level of income. However, the Council failed to achieve its targeted level of income from its leisure centres in 2014-15. It is forecasting a shortfall again for 2015-16. There is no plan setting out how it will increase its level of income.

Until recently, the Council's approach to addressing the challenges facing sports and leisure services has not been sufficiently strategic but the Council is now strengthening its project management arrangements to help resolve this

35. The Council has not yet got to grips with strategically planning the future sports and leisure provision for the county. The Council has not identified the project management and governance mechanisms to monitor the development and implementation of a sports and leisure strategy. It is important that Cabinet and Corporate Management Team have a shared vision for sports and leisure so there is clarity about the future approach.
36. In October 2014, the Regeneration and Environment Scrutiny Committee unanimously endorsed the recommendations within the strategic review of leisure centres despite the lack of robust financial information, risk and impact assessments.
37. The Council's Head of Community and Leisure Services has a large remit including waste and recycling, the leisure and sports service, building cleaning and fleet management. The Council's third tier Sport and Leisure Services Manager post has been vacant since May 2015. The Council needs to consider if it has the necessary management capacity in place to deliver the strategy it intends to develop for sports and leisure.
38. There has been limited engagement of other directorates and stakeholders in the Council's approach to planning its sports and leisure services to date. This is despite the wider impact sports and leisure services have on areas, such as health and social care, and education. This raises questions about the Council's approach to strategic planning. We would expect the Council to ensure that relevant expertise, for example from statutory officers, finance, social care, education and procurement, is engaged at the outset of a strategic review. We have previously raised concerns about the Council's oversight of strategic planning in relation to the planned integration of Social Services with Blaenau Gwent County Borough Council, including the need to engage statutory officers earlier in the process.

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- 39.** To help strengthen its strategic planning arrangements, the Council has recently established a Business Improvement Board, which aims to provide: strategic overview and direction for its key business improvement projects; leadership and management development; and communication and engagement across the Council. Terms of reference for the Business Improvement Board have been agreed and membership includes key officers from across the Council as well as the Cabinet Member for Corporate Services. The Council's leisure strategy is included as one of the key projects, which will be monitored by the Business Improvement Board. The strategy should, therefore, be subject to a rigorous project management approach, which ensures that the strategy has clear objectives, considers all options and sets out clear financial and operational outcomes.

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