



# Contract Management - GLL Community Stadium & Leisure

## City of York Council

### Internal Audit Report 2021/22

Business Unit: Customer and Corporate Services Directorate,  
Responsible Officer: Assistant Director – Customer and Communities  
Service Manager: Strategic Services Manager  
Date Issued: 15<sup>th</sup> July 2022  
Status: Final  
Reference: 19080/037

	P1	P2	P3
Actions	0	2	2
Overall Audit Opinion	Reasonable Assurance		

## Summary and Overall Conclusions

### Introduction

York's new community stadium leisure complex provides a new football and rugby stadium for professional and community sport as well as a combination of sporting, health and educational facilities. The stadium opened in early 2021 and has attracted around 70,000 visitors to the stadium.

The council has a contract with GLL to run the council's leisure facilities across the city with a payment mechanism and performance framework to reward and penalise performance. The management of the stadium is sub-contracted to a stadium management company with the two sports clubs at the stadium (York City Football Club and York Knights Rugby League Club) paying rent directly to the council in order to use the stadium to stage matches.

### Objectives and Scope of the Audit

The purpose of this audit is to provide assurance to management that procedures and controls within the system will ensure that:

- There are appropriate performance indicators in place to monitor performance.
- Performance indicators are accurate and received in line with the agreement with GLL.
- Action is taken when key performance targets are not being met.
- There are governance and reporting arrangements in place to facilitate the council maintaining oversight, and receive assurance, on the performance of the contract.

### Key Findings

The council's contract with GLL covers the management and operation of the council's leisure facilities and the Community stadium. The process for managing the leisure facilities part of the contract was found to be working reasonably well. However, managing the Community Stadium part of the contract was not working as well as that of the rest of the contract.

In total there are 58 Indicators for the contract, however, only 3 of these relate to the Community Stadium part of the contract. This seems to have been due to the inexperience of both the council and contractor in managing sports stadia rather than leisure facilities. Some issues have been encountered with the management of the stadium. Whilst these have been dealt with through client – contractor meetings, performance management of the stadium element of the contract would be improved by defining and agreeing an increased and wider range of indicators.

The contract sets down that all performance indicators should be presented within 20 working days of the end of each quarter. However, no quarterly performance monitoring reports have been presented since the first quarter of 2021/22, even though the quarterly client

liaison meetings have continued to take place. Quarterly reports that include the most important indicators continued to be presented during 2021/22 which gave some assurance that key issues relating to the contract would be identified.

Performance indicators are discussed at the client liaison meetings which are taking place each quarter. Not all performance indicators had an agreed target, with half the cases in the sample taken being 'for info' rather than having an agreed target. All 3 indicators that related to the Community Stadium did not have a target. This situation should be reviewed, given the issues that have been encountered managing the Stadium. The figures for indicators for previous years were not always included in the table and there were also inconsistencies in the completeness of the information. Furthermore, the impact of the pandemic means that previous years' figures may not be useful for comparison purposes. The council may want to consider reviewing how it will use previous years' figures for comparison or target setting purposes.

Information relating to the performance of the stadium has been passed from the contract manager to senior managers when necessary. The indicators have clear wording so that they would be understandable to users who do not have specialist knowledge of the contract. The only information on the contract that is publicly available is the indicator relating to throughput at the leisure facilities that is available on the Open Data platform. It was noted that the information on this platform had not been updated since July 2019.

## **Overall Conclusions**

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Reasonable Assurance.

## 1. Performance Indicators relating to the Community Stadium element of the project

### Issue/Control Weakness

There are only 3 performance indicators relating to the Community Stadium element of the project.

### Risk

Issues continue to exist at the Community Stadium that are not being identified and monitored effectively.

### Findings

There are 58 indicators that relate to the GLL contract and that are used to monitor and manage performance of the contract for leisure services and the management of the community stadium. However, only 3 of these indicators relate to the Community Stadium element of the contract.

Such a small suite of indicators hinders the ability to effectively manage the performance of the stadium element of the contract. Some issues have been encountered with the stadium element of the contract and the contractor and client now have more insight into key elements of performance. More indicators should be discussed and agreed with the contractor for the management of the stadium and reported on a regular basis.

The contract sets down the Payment and Performance Monitoring System so that penalty points can be applied due to non performance. However, the performance standards deal with non compliance of the contract rather than identifying areas where the contractor could improve performance.

### Agreed Action 1.1

All parties (GLL, SMC and the council) agree that the KPIs used to calculate the annual outcomes scorecard needs to be reviewed and balanced with the addition of new stadium operational KPIs. This was self-identified by GLL and the council following the bedding in of the stadium management company and the challenges faced in the first 12 months. This has been discussed collaboratively and a draft proposal is being considered. As client manager I am meeting monthly with GLL and SMC to resolve this. Once agreed by all parties this will require a Deed of Variation to the original contract to make this contractually legal and binding.

It is worth noting that the KPIs only relate to the annual outcomes scorecard which is one out of thirty one performance standards that have linked financial penalties for under-performance.

#### Priority

2

#### Responsible Officer

Strategic Services Manager

#### Timescale

31<sup>st</sup> October 2022

## 2. Performance indicators not being received

### Issue/Control Weakness

No complete sets of performance indicators have been received by the council since the first quarter of 2021/22.

### Risk

Performance indicators are not calculated correctly, leading to the contractor not achieving agreed targets for the contract.

### Findings

The contract sets down that quarterly performance indicators should be received by the council within 20 working days of the end of the quarter. At the time of this review the most recent set of performance indicators that were presented related to the first quarter of 2021/22. The two most recent sets of performance indicators, that related to the second and third quarters of 2021/22, had not been received, even though quarterly client liaison meetings continued to take place.

Quarterly reports were received which summarised the contractor's performance during the quarter which gives some reassurance that key issues relating to the contract would have been identified. However, these reports did not contain all the performance indicators set down in the contract.

### Agreed Action 2.1

The action has been completed. The delay was due to GLL having set up its own customer booking system and using a phased approach to remove the old system whilst moving to use the new system. The new system is now fully up and running and therefore all the reporting is from one system. I'm confident this won't be an issue going forward and I've received the missing periods data.

**Priority**

2

**Responsible Officer**

Strategic Services Manager

**Timescale**

Already completed

### 3. Procedure notes for calculating performance indicators

#### Issue/Control Weakness

There are no procedure notes to support how performance indicators are calculated.

#### Risk

Performance indicators are not calculated correctly, leading to the contractor not achieving agreed targets for the contract.

#### Findings

There are no procedure notes or detailed explanations as to how performance indicators are calculated. The contract manager advised that at the time the contract was agreed with GLL, discussions were held to clarify understanding as to how performance indicators are calculated. However, no record was kept of these discussions.

Detailed knowledge of the calculation of the performance indicators is not documented and is dependent on the knowledge of the current contract manager and his counterparts at GLL. This means that in the event of either or both key officers changing there would be a loss of knowledge that could lead to information not being produced accurately or consistently or resulting in a dispute between the council and the contractor.

#### Agreed Action 3.1

This is acknowledged as a key risk and a set of guidance notes will be created to ensure the interpretation of how the performance indicators are calculated is clear.

**Priority**

3

**Responsible Officer**

Strategic Services Manager

**Timescale**

30<sup>th</sup> November 2022

## 4. Information on the Open Data Platform

### Issue/Control Weakness

The information relating to leisure facilities and the community stadium on the Open Data Platform is limited and some information is out of date.

### Risk

The number of visitors to the Leisure Facilities is out of date and not relevant to members of the public.

### Findings

Currently the only performance indicator relating to the GLL contract that is held on the Open Data Platform is LM01, which is the throughput of visitors to the Leisure Facilities. This figure hadn't been updated since July 2019.

The delivery of leisure services and the management of the stadium are important areas for the council that contribute to the delivery of its council plan. As such, more detailed reporting on the indicators for leisure services and the stadium will contribute to the openness and accountability for the performance of these services. Openness and transparency can contribute to promoting effectiveness, efficiency in services and engagement and accountability to the public.

### Agreed Action 4.1

The LM01 performance indicator data has now been updated to 31<sup>st</sup> March 2022 and been uploaded onto the open data platform. In addition, an annual scrutiny report covering GLL's performance will be published each year. The first report will be dealt with by the Overview and scrutiny committee on 21<sup>st</sup> July.

**Priority**

3

**Responsible Officer**

Strategic Services Manager

**Timescale**

31<sup>st</sup> July 2022

## Audit Opinions and Priorities for Actions

### Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

### Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.



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