

REPORT TO BUDGET AND CORPORATE SCRUTINY MANAGEMENT BOARD

03 December 2020

Subject:	COVID-19 Impact on Sandwell Leisure Trust – External Consultants Findings
Director:	Alison Knight – Executive Director - Neighbourhoods
Contribution towards Vision 2030:	 
Contact Officer(s):	Gemma Ryan Business Manager – Sport and Leisure

DECISION RECOMMENDATIONS

That the Budget and Corporate Scrutiny Management Board consider the findings of the report prepared by external consultants regarding the impact of COVID-19 on leisure services provided by Sandwell Leisure Trust.

1 **PURPOSE OF THE REPORT**

- 1.1 To update the Budget and Corporate Scrutiny Management Board regarding the findings of the report prepared by external consultants regarding the impact of COVID-19 on leisure services provided by Sandwell Leisure Trust.

2 **IMPLICATIONS FOR VISION 2030**

- 2.1 Managing the impact of COVID-19 upon Sandwell’s leisure services will ensure continuity of service to meet the needs of local residents. This will contribute to Ambitions 2 and 8 of Sandwell’s Vision 2030.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 Following the government announcement advising that gyms, leisure centres and swimming pools should close from 20 March 2020 all Sandwell leisure facilities were closed.
- 3.2 As a response to the closure and the challenge of these circumstances for the sector, Sport England engaged a number of external leisure consultants to provide support to local authorities with managing leisure provision through this period.
- 3.3 Sport England offered local authorities a contribution of £5,000 towards a scope of work, to be locally agreed. The scope recommended by Sport England included the following elements;

A: Lockdown / Closure

Understanding a Local Authorities situation given the Covid-19 outbreak and exploring challenges (contracts, costs, liabilities and maintenance) for:

- Facilities operational but currently closed
- Facilities under construction
- Facilities and services in the process of a procurement exercise
- Work at strategic outcomes/feasibility planning stage
- Any wider context
 - Reviewing contractual/legal arrangements and liabilities between Local Authority and service delivery partners
 - Supporting Local Authorities on financial reconciliation/negotiation with their service delivery partners during the closure period
 - Identifying any need to review the partnership agreement (services specification, performance management framework, management fee/funding agreement)
 - Preparing a costed action plan for these areas over the period of the Covid-19 crisis whilst leisure facilities are closed, in agreement with the Local Authority, service deliver partner and any other key stakeholders

B: Mobilisation (Social Distancing / Full Operation

Reviewing intervention options for services post Covid-19 restrictions, and establishing affordability

- Agreeing an amended financial agreement between the Local Authority and Service Provider for the mobilisation phase
- Reviewing the sustainability of growth plans in the context of the new economic and social conditions including
- Facility development opportunities (capital and revenue)
- Impact of social distancing

3.4 Sandwell Leisure Trust (SLT) Services and Contractual Arrangements

3.4.1 SLT operate 9 of ten Sandwell leisure facilities, these are;

<i>Facility</i>	<i>Town</i>
• Haden Hill Leisure Centre	Rowley Regis
• Hadley Stadium	Smethwick
• Harry Mitchell Leisure Centre	Smethwick
• Langley Swimming Centre	Smethwick
• Portway Lifestyle Centre	Oldbury
• Smethwick Swimming Centre	Smethwick
• Tipton Leisure Centre	Tipton
• Tipton Sports Academy	Tipton
• Wednesbury Leisure Centre	Wednesbury

3.4.2 Services are operated on behalf of the Council by Sandwell Leisure Trust under a Management and Funding Agreement (*'the contract'*). The contract commenced on the 1st April 2004 and is for a period of 30 years. The Council were under obligation to provide a unitary payment (management fee) for the initial funding period of five years, extended to 2013 via Deed of Variation. Since the initial funding period ceased, the Council have continued to provide Sandwell Leisure Trust with a management fee under a Business Planning approach (currently circa £3,000,000 per annum). The agreed unitary payments for the previous, current and next financial years are as follows;

	Unitary Payment
2019/20	£2,885,000
2020/21	£2,914,000
2021/22	£2,943,000
Total	£8,742,000

Note, this does not include funding provided by the Council for additional services, i.e. the Free-Swimming programme or any other additional contracts or services that Sandwell Leisure Trust provide to the Council.

3.4.3 Request for Financial Support from SLT;

Following the closure of facilities SLT made an initial claim to the Council for financial support which is summarised in appendices 1a, 1b and 1c. This reflected a period of five months of closure. Whilst no further formal requests have been received from SLT for financial support, the Council and SLT have been in regular contact at a senior level to monitor the situation and understand any emerging challenges.

3.4.4 The information provided was clarified and assessed by officers and an external consultant, other mitigations and support accessed by SLT was also considered. Following this assessment, it was concluded that SLT did not require any further financial support over and above the continued payment of the management fee. It was also identified that SLT were not at any immediate financial risk.

3.4.5 The Council have continued to provide Sandwell Leisure Trust with their usual monthly management payment. The level of monthly management fee has not been adjusted during the first period of closure or for the first period of re-opening. Therefore, the Council have provided Sandwell Leisure Trust with discretionary financial (cash flow) support in line with the government's guidance, PPN 02/20.

3.4.6 In line with PPN 02/20, in return for financial support the Council requested 'open book' data from SLT to enable the Council to mitigate costs.

3.4.6 Under the terms of 'the contract' with SLT, the Council are under no obligation to provide financial support in these circumstances. Therefore, discretionary support has been provided in line with PPN 02/20

4 THE CURRENT POSITION

- 4.1 SLT are not at any immediate financial risk, however income is expected to be affected whilst COVID-19 restrictions remain in place. This position is summarised by an external consultant and a summary report has been developed.
- 4.2 SLT have recently proposed changes to staff Terms and Conditions and have proceeded with the process of consultation with their staff. The Council have entered into discussions with SLT to reconsider this position and have offered financial support for the remainder of the financial year to enable revisiting this matter at a later date.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The Cabinet Member for Safer Communities, the Chief Executive, the Executive Director for Neighbourhoods, the Interim Executive Director for Resources and the Director of Law and Governance have all been consulted and briefed.
- 5.2 Sandwell Leisure Trust have been consulted and engaged in the process.

6 ALTERNATIVE OPTIONS.

- 6.1 N/A

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 Ongoing financial support and the financial position of SLT could provide a financial risk to the Council

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The contractual arrangements with SLT must be considered.

9 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 9.1 The Council owns all 9 of the facilities operated by SLT.

10 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The Budget and Corporate Scrutiny Management Board is recommended to consider the outcomes of the consultant's findings when making recommendations.

Alison Knight
Executive Director - Neighbourhoods