

Report to Budget and Corporate Scrutiny Management Board

20 January 2021

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| Subject: | COVID-19 Impact on Sandwell Leisure Trust – External Consultants Findings |
| Director: | Surjit Tour - Director of Law and Governance & Monitoring Officer |
| Contact Officer: | Gemma Ryan Business Manager – Sport and Leisure |

1 Recommendations


- 1.1 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.

2 Reasons for Recommendations

- 2.1 To ensure that the board is fully informed regarding the financial impact of COVID-19 upon the Council’s leisure service.



3 How does this deliver objectives of the Corporate Plan?

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|  | <p>People live well and age well</p> <p>Managing the impact of COVID-19 upon Sandwell's leisure services will ensure continuity of service to ensure local people have access to physical activity opportunities</p> |
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4 Context and Key Issues

4.1 Background

4.1.1 Following the government announcement advising that gyms, leisure centres and swimming pools should close from 20 March 2020 to 25 July 2020 all Sandwell leisure facilities were closed. Facilities were further advised to close from 05 November to 02 December 2020. Further instruction to close came into effect from 31 December 2020 when Sandwell became a Tier 4 area and facilities now remain closed as part of the subsequent national lockdown from 05 January 2020.

4.1.2 As a response to the initial 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.

4.1.3 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

4.2 Sandwell Leisure Trust (SLT) Services and Contractual Arrangements

4.2.1 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 |



4.2.2 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.

4.2.3 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.

4.2.4 The information in the original submission 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.



4.2.5 The Council have continued to provide Sandwell Leisure Trust with their usual monthly management payment (from April 2020 to date). The level of monthly management fee has not been adjusted during this time. Therefore, the Council have provided Sandwell Leisure Trust with discretionary financial (cash flow) support in line with the government's guidance, PPN 02/20.

4.2.6 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. Accounting information spreadsheets have been provided by SLT for each month up to November 2020.

4.2.7 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

4.3 Staff Terms and Conditions

4.3.1 SLT have recently implemented changes to staff Terms and Conditions. The Council had requested that SLT reconsider this position and offered financial support for the remainder of the financial year to enable revisiting this matter at a later date. However, SLT did not accept this offer and have proceeded with the proposed changes.

5 Alternative Options

5.1 Not applicable.



6 Implications

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| Resources: | Ongoing financial support and the financial position of SLT could provide a financial risk to the Council. The Council owns all 9 of the facilities operated by SLT. |
| Legal and Governance: | The contractual arrangements with SLT must be considered. |
| Risk: | There are no direct risk implications arising from this report. |
| Equality: | There are no specific equality implications arising from this report. |
| Health and Wellbeing: | There are no health and wellbeing associated implications arising from this report. |
| Social Value | The report has no implications for social value. |

7. Appendices

Appendix 1: Request for financial support from SLT (please note that this appendix contains exempt information)

8. Background Papers

None.

