

Dear Councillors

You will be aware that when the country went into lockdown, the Government instructed that all leisure centres should close. To ensure that the leisure centres in the District were not simply “mothballed” but maintained to enable a swift reopening when the Government eased its lockdown instruction, the Executive agreed to make emergency payments of £37k per month to Everyone Active (EA). These payments have enabled EA to work on its recovery plan and there have been ongoing discussions with officers over the last three months. Informally, the Executive has now agreed to support EA with its recovery plan the details of which will be recommended for formal approval at the August Executive but the plan will require financial support in the region of £1.5-1.8m over a twelve-month period to 31 March 2021. This includes the management fee of £940k which EA are due to pay the Council for the current year. There may be further financial support required for 2021/22 and future years.

Last week the Government announced that gyms could reopen from 25th July and swimming pools from 1st August. There will therefore be a period of one month before the Executive can formally consider this matter on the 24th August. To reopen the facilities in line with the Government’s permission, EA needs surety that its costs will be met from the 1st July. It has been agreed with officers that there will be no element of profit for Everyone Active but Group Leaders are asked to approve financial support for the net costs of reopening the District’s leisure centres can open on time.

Members should note that intense lobbying at a national level is ongoing to ensure that the leisure industry is financially sustainable. A compensation scheme for lost Council sales, fees and charges income has been announced by Government. From the details provided so far, it is uncertain whether the Council will be able to recover an element of its financial support proposed for EA.

It should also be noted that Government’s Procurement Policy Note - Supplier relief due to COVID-19 Action Note PPN 04/20 states that: “Where contracts are primarily revenue-generating and payment relief is not available within existing budgets, for example concession contracts, contracting authorities should work with these suppliers to identify commercial solutions that are specific and appropriate to the contract.” The very clear message from Government to contracting authorities (local councils in this instance) is that they should do what they can to support their suppliers.

The cost of the subsidy to Everyone Active for the period 1st July to 31st August will be £245,465.00. This can be funded from the Business Rate Retention Volatility Reserve. Should agreement not be forthcoming then EA will not be able to reopen the leisure centres until the beginning of September as the Group’s Board will not sanction reopening without a signed agreement in place.

The overall impact of the recovery package will be considered further within the Q1 Budget report to the Executive in August. Within the Medium Term Financial Strategy reported to members in February, funding from the Business Rate Retention Volatility Reserve (BRRVR) was previously profiled to be used over the period 2021/22 to 2023/24, over which time the Council would have to

secure financial savings then estimated at £1.8m. The updated Medium Term Financial Strategy will take into account the impact of Coronavirus, including the payments proposed here and the loss of the concession. It should be possible to fund the resultant deficit in the current year by bringing forward the use of the BRRVR. However, this will mean that the Council will need to find substantial savings ahead of setting its Budget for 2021/22.

Officers can confirm that should the request be agreed, the centres will reopen in accordance with all the latest guidance and regulation issued by Government.

Kind Regards

Chris