AGENDA ITEM NO 10

TITLE: **Service Level Agreement Funds- Leisure 2020/21**

Committee: Finance & Assets Committee

Date: 25 March 2021

Author: Victor Le Grand (Senior Leisure Services Officer)

[V161]

---

1. ISSUE

1.1. To review the current position of the leisure facility trusts operating in East Cambridgeshire and make appropriate recommendations.

2. RECOMMENDATION

2.1. Members are recommended to approve the recommendations set out in paragraph 5 of this report.

3. BACKGROUND

3.1. The built leisure facility stock in East Cambridgeshire comprises the Hive (owned by ECDC and operated for us by GLL) and a number of other centres operated by local trusts and academies. These sites vary in facilities and resources, but operate similarly to local authority sports centres, and for the same purpose.

3.2. The centres have historically received advisory support and modest grants from ECDC, to support capital improvements or programme developments in order to strengthen the long-term sustainability of the facility, or to extend the scope of their community provision. Otherwise they are self-financing, their operating costs met from user charges.

3.3. This structure respects the centres' operational independence and local origins, but was not designed to address the business shock created by the pandemic. Like all leisure operations, the trusts have seen their income reduced for extended periods, and incomes are likely to be heavily reduced even when able to re-open. Each of the centres have taken reasonably measure to mitigate their losses and some centres have secured external grants. Despite these endeavours it has not been possible for the centres to mitigate their loss of income This report summarises the known issues and considerations; and makes recommendations accordingly.

4. ARGUMENTS

Scope of Problem

4.1. As noted above, the cost of operating community leisure facilities in East Cambridgeshire is met almost entirely from user charges, with little or no external subsidy. Income and expenditure are finely balanced even in normal conditions; and the closures over the last year has cut off the trusts' income streams completely for extended periods, and operating restrictions have seriously affected their income when open. Details vary, but across the network income over the year appears to be approximately one-third of normal levels.

4.2. Operating costs have been controlled so far as possible by the centres, and this has been helped by the furlough schemes and NNDR relief. The smaller sites also benefitted from the national lockdown grants last spring. The larger centres however – which tend to have higher core costs and were ineligible for that funding tranche - have sustained significant deficits during the year.

4.3. The position has been partially mitigated by the current Tier 4 and National Lockdown grants, but there remain some gaps in funding, and further work is needed to quantify these gaps. The Council has also been successful in a bid to the National Leisure Recovery Fund grant, and this will help to support most of the centres as they re-build their operations and services over the next six months; but further work is needed to understand how this will operate and what further support may be needed.

Implications and Options

4.4. The importance of the facility network, and the potential threat to its viability, is generally recognised. Any loss of facilities or services would be felt by the community, and the implications of this are not confined to leisure. Physical activity is widely recognised as contributing to physical and mental health, as reflected in the support from Public Health for the Let's Get Moving (now 'Healthy You') programme, the increasing adoption of social prescriptions by primary health, and current linkages to obesity and diabetes programmes. The various central government initiatives have helped to underpin the centres, and will continue to do so in some measure over coming months, but some direct financial support at local level may also be necessary.

4.5. For ECDC the two most immediate levers are the existing 'SLA' grants and business rate relief.

4.5.1. Service Level Agreement Grants were introduced some years ago, and are generally focused on development projects or facility improvements, rather than on general revenue support. This remains the preferred direction of travel, but it does not address the current circumstances, in which recovery has become the priority. It is therefore proposed that grants for this year and for 2021-22 should be used where necessary to alleviate the current financial pressures and support centres through the business recovery phase, complementing the NLRF grant. As noted above however, it is not yet fully clear how and where this support should be best deployed. It is therefore proposed that the 2020-21 budget should be carried over to 2021-22, allowing a more focused and effective response to what remains an evolving situation.

4.5.2. All of the Trusts benefit from 80% mandatory NNDR relief, and supplementary relief from ECDC capped at £2,000 per centre. The residual NNDR liabilities vary from around £3,500 per annum at Ross Peers to approximately £12,000 per annum at Littleport and Paradise. For 2020-21, central government has granted full relief to all leisure and hospitality businesses, and this provision will continue until the end of June 2021. There is then a mandatory discount to businesses for the remainder of the financial year but this will not benefit the trusts. It is therefore recommended that s.149 Hardship Relief (a provision for businesses which serve the community and are experiencing short-term financial difficulties) should be adopted wherever necessary for the coming year.

5. RECOMMENDATIONS

5.1. Members are requested to approve:

5.1.1. The full carry forward of the 2020/21 Service Level Agreement grants budget into 2021/22;

5.1.2. The use of the Service Level Agreement grants budget for 2020/21 and 2021/22 to directly support operations, where necessary, in order to address the financial pressures created by the pandemic; and

5.1.3. An agreement to provide hardship relief to all community-owned leisure centres for 2021-22 following the end of the government-mandated full relief

6. FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT / CARBON IMPACT ASSESSMENT

6.1. The request is to carry forward the 2020/21 budget and utilise the 2021/22 budget to be applied to the centres to enable, so far as possible, a sustainable recovery of the centres. Decision of allocation will reserved to the relevant committee at the time where new Service Level Agreements are proposed.

6.2. The proposals do not specifically affect any particular participation group or protected characteristic. No new equalities implications therefore follow from these proposals.

6.3. There are no direct positive or negative carbon impact implications for ECDC.

Background Documents

None

Contact Officer

Victor Le Grand

Senior Leisure Services Officer

(01353) 616361