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CABINET	DATE 16 December 2020	ITEM NO 10
TITLE Leisure and Library Partnership (GLL) – COVID-19 support proposals	WARD (S) All	
CHIEF OFFICER Director of Communities & Environment	CABINET MEMBER Culture, Communities and Equalities	
DECISION CLASSIFICATION <ul style="list-style-type: none">- Key- Non-exempt report - Exempt appendices 1, by paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any person including the authority holding that information.	FINAL DECISION To be made at this meeting on the recommendations in this report	

I. **Decision required**

This report makes the following recommendations to the decision-maker:

- I.1 To use an Open Book process to agree a new financial package of support to the Council's partnership with GLL (referred to in this report as the 'Leisure Partnership').
- I.2 To note the Council's leisure element of the partnership with GLL has suffered a serious loss of income resulting from the enforced closure of leisure centres, libraries and adventure play centres due to the current Coronavirus pandemic.
- I.3 To continue to support the Leisure Partnership with full management fees arrangement for the period from 7th September 2020 to 31st March 2021.
- I.4 To agree that the Council will support the Leisure Partnership through the current enforced closures and in to the next recovery phase. To note the options that have been discussed with GLL and any impact they will have on leisure provision.

- 1.5 To note that Cabinet previously agreed to cap the Council's support at £0.81m, funded from the surplus. It also noted that if the Covid pandemic resulted in further enforced closures, Cabinet would need to authorise any further requests for financial support.
- 1.6 To agree Option 1, as the Council's proposed financial support to GLL, be put in place for the Leisure Partnership until 31st March 2021, and for that financial support to operate as a capped loan agreement incorporating a repayment mechanism, the terms of which are to be agreed by the Directors of Communities and Environment, Finance and Legal Services (see paragraph 1.9 below).
- 1.7 To note that this funding would be subject to GLL agreeing to a develop and implement a recovery plan to encourage residents to use our leisure centres when they re-open which in turn will build community confidence in how Covid safe they are.
- 1.8 To note that it is proposed that the support package from the Council will be reduced if GLL can secure central government funding to support the reopening of our leisure facilities.
- 1.9 To authorise the Directors of Communities and Environment, Finance and Legal Services to agree the terms of the capped loan agreement in accordance with this report.

2. **Links to the Royal Greenwich high level objectives**

- 2.1 This report relates to the Council's agreed high-level objectives as follows:
- A Healthier Greenwich
 - A Safer Greenwich
 - A Great Place to Grow Up
 - Economic Prosperity for All
 - A Great Place to Be
 - A Strong Vibrant and Well-Run Borough

3. **Purpose of the report**

- 3.1 The Covid-19 pandemic has had a significant impact on our leisure and library service with reduced income and similar expenditure in line with pre-lockdown in March 2020
- 3.2 The purpose of this report is to propose an additional support package for the Royal Borough of Greenwich's partnership with GLL ("Leisure Partnership"). This will ensure the preservation of local leisure and library services, once the current enforced closures end. It will also ensure that the Leisure Partnership is sufficiently resourced to continue to press ahead with the recovery plans to support the health and wellbeing of our residents as set out in the 2018-2022 corporate plan.
- 3.3 Implementation of the report's recommendations is necessary to mitigate the impact of the Coronavirus crisis on the Council's Leisure and Library provision and ultimately to the health and wellbeing prospects of our residents.

4. **Introduction and Background**

- 4.1 Greenwich Leisure Limited (GLL) was formed in 1993 and is the largest UK based charitable social enterprise delivering leisure, health, community services and children's centres, and have operated in Greenwich since inception.
- 4.2 In 2012, a new 15-year contract between was agreed. It resulted in the seamless integration of 12 libraries, 10 children's centres, 5 adventure play centres, outreach sport development service, community use at Thomas Tallis School and 7 existing leisure centres. This contract has been extended to 2031, through a new deed of variation, with a lower management fees and improved surplus share to RBG over the period.
- 4.3 The integration of services has brought a number benefits to everyone who lives, works and learns with the Royal Borough of Greenwich, including:
- Greenwich One Card Concessionary Card and Super saver card for reduced pricing for residents.
 - Joined up offer across multiple services.
 - A key partner in Greenwich Get Active Strategy and Action Plan 2019-2023.
 - All employees paid the London Living Wage.

- Working with RBG to open new facilities e.g. The Greenwich Centre, Woolwich Library, Sutcliffe Park Sports Centre and the Plumstead Centre.
 - Public health partnership through Healthwise exercise-on-referral, helping thousands of residents manage long term health issues and their recovery.
 - Highly successful Explore weight management programme for families and their children.
- 4.4 The COVID-19 pandemic is having a profound effect upon residents, businesses, staff and wider civil society in the borough and across the world. The Council has taken a wide range of measures to support vulnerable residents and to protect service delivery both now and in the future.
- 4.5 Following the initial government instruction to close leisure and library facilities on 20th March, our twelve libraries, seven Leisure Centres, the five Adventure Play Centres all shut to the public. All centre membership direct debit payments were frozen.
- 4.6 Following the closure, Cabinet agreed a financial package of £812k to support GLL through the initial lockdown. This was in the form of a loan paid back to RBG through the partnership surplus share as set out in the agreement. This financial assistance was fully utilised before the end of August.
- 4.7 The Leisure centres reopened on 26th July and included strict government Covid guidelines, restrictive use, limits on capacity, with additional operating costs incurred through PPE, sanitisers, increased cleaning regimes, signage and increase energy costs.
- 4.8 A summer recovery plan was put in place to encourage individuals and groups to return, with a series of offers, including ‘Free swim Fridays’, reduced price holiday programmes and free places referred in from children services, ‘Family Swim for a Fiver’ and free multi-sport packs.
- 4.9 Throughout the summer and into the autumn, the business environment remained challenging, with capacity limitations, ever changing restrictions such as no soft play and no team games indoors and low customer confidence. This resulted in income levels falling by 70% compared to the same period in the previous year.
- 4.10 Gym memberships have fallen by 26% from 14,000 to 10,048. Just over 1,000 memberships are still frozen. Customer surveys highlight the fact that they remain frozen due to concerns around Covid.

4.11 Likewise, the overall number of leisure centre visits for the varied activities fell in a similar vein compared to the year before despite a slight improvement in October. Monthly comparisons set out below show a 56% reduction compared to the same period the year before.

Aug 19	Aug 20	Sept 19	Sept 20	Oct 19	Oct 20	Aug-Oct 19 Total	Aug - Oct 20 Total
145,263	60,855	155,806	68,367	158,979	89,178	460,048	218,400

4.12 In November, further enforced restrictions resulted in all our leisure centres and adventure play centres closing.

4.13 GLL approached the Council to see if a second support package could be agreed to take GLL through until the end of March 2021.

4.14 The report sets out the recommendations for an additional package of financial support for GLL.

4.15 GLL have expressed confidence that the sector will recover in due course, and believe the next financial year will see increased user numbers and an increase in income, but at no more than 80% of pre-Covid figures, as the confidence of customers returns.

4.16 GLL have agreed that the business model must change, as does the offer available in the short and medium term. It has been agreed that a new recovery plan will be put in place and new marketing plan and concepts will need to be developed and agreed with the Council.

4.17 It is proposed that the loan from the Council will be reduced if GLL can secure central government funding to support the reopening of our leisure facilities.

4.18 It is proposed that the Council would continue use an open book accounting process to agree the actual costs incurred. Some costs in the proposal have been estimated and a reconciliation would occur once actual costs are made available for each month.

4.19 To agree that the additional financial support from the Council to GLL will operate as a capped loan agreement incorporating a repayment mechanism,

to be agreed by the Directors of Communities and Environment, Finance and Legal Services.

4.20 Exempt Appendix I details the commercial and financial details.

5. GLL Recovery Plan

5.1 The leisure sector is suffering in a similar way to all hospitality businesses and is having to respond with a revised business model.

5.2 To do this it is inevitable that the roles and posts in leisure centres will have to change. GLL are already consulting their staff over a reorganisation proposal to reflect the move to a more technology led, Covid safe customer experience, including improved online bookings, cashless payments, concierge services and virtual and live streaming classes and activities.

5.3 These changes are reflected across GLL where all the senior team have taken a voluntary reduction in salary and it is proposed that there will be a number of redundancies from head office and the regional teams within the organisation.

5.4 However, GLL are committed to providing the best possible service and want to ensure more people from the borough return to our leisure centres when they can. As a result, they are organising a series of offers from December through to the end of March.

5.5 These offers will include:

- 1000 free swimming vouchers distributed to families whose children receive free school meals.
- 2000 individuals targeted for Free open weekends at all centres – free activities includes fitness swim, family swims, fitness classes, gym and soft play.
- 2000 individuals targeted for a reduction in monthly membership fees.
- 2000 reduced concessionary membership by £10 per month from January to March 2021.
- Home membership offer pilot in Greenwich, including live streaming of exercise classes.
- 1000 individuals targeted with ‘Give It a Go’ membership for inactive residents.

- 5.6 GLL are organising a new marketing plan for the service to grow users and income which will proactively target non-users, first time users and inactive residents.
- 5.7 A survey will be undertaken of residents across the borough to understand their changing needs including the level of demand for the live streaming of fitness classes.
- 5.8 GLL will work closely with the Council to formulate the recovery plan. In addition to the survey outlined above, GLL will be working closely the Council on how it markets local leisure services.
- 5.9 The marketing plans are now moving forward with plans for virtual tours of leisure centres being made available, printed and electronic leafleting and improved use of social media channels with better targeting of interested parties.

6. **Available Options**

- 6.1 There are three options for Cabinet to consider:
- 6.2 Option 1 - to agree the support package for the Leisure Partnership as set out in the table below with no reduction in services or closing of leisure centres.
- 6.3 Option 2 - to agree the support package for the Leisure Partnership as set out in the table below which will involve reducing services at various times at the Coldharbour and Thamesmere centres.
- 6.4 Option 3 - to provide no additional financial support to GLL.

Detail	Option 1	Option 2
Description	Business as now with staff restructure	Leisure reshape – retain Adventure Play during review
Projected Cost (Sep– Mar)	£1,170,000	£955,000
Staff Impact	27 Perm posts 13 FTE flexi posts	27 Perm posts 13 FTE flexi posts
Facility Closures	Withdrawal from Thomas Tallis (activities to Sutcliffe Park)	Coldharbour indoor mothballed (pitches remain) Withdrawal from Thomas Tallis (activities to Sutcliffe Park)
Operating Hours Impact	None	Coldharbour evenings / weekends Thamesmere reduced
Pricing Impact	None	Some prices streamlined (gym, swim, classes, lessons) Parking price increase at Sutcliffe Park

7. **Preferred Option**

7.1 Option 1 is the preferred option.

8. **Reasons for Recommendations**

8.1 Option 1 is recommended for the following reasons:

- financial support is the best means to ensure that the GLL partnership can keep all facilities open and build the customer base.
- in doing so it ensures that the partnership suffers no financial loss.
- the continued open book arrangement provides full transparency.
- to agree that the capped loan will be repaid to the Council over an agreed period, with a repayment mechanism to be agreed by the Directors of Communities and Environment, Finance and Legal Services.
- this will also include moving activities from Thomas Tallis to Sutcliffe Park Sports Centre.
- it is proposed that the loan from the Council will be reduced if GLL can secure central government funding to support the reopening of our leisure facilities.

9. **Next Steps: Communication and Implementation of the Decision**

9.1 Should Cabinet agree on providing additional financial support, it is essential that the recovery plan and marketing plans remain flexible and adjust to the changing times and environment and customers' expectations.

10. **Cross-Cutting Issues and Implications**

10.1 The GLL partnership in Greenwich fully supports the Council’s objectives of improving the health and wellbeing of residents and this funding will enable it to continue to do so while focussing on recovery planning.

Issue	Implications	Sign-off
<p>Legal including Human Rights Act</p>	<p>The decision to award grants or loans that exceed £20,000 are, in accordance with Part 3, Schedule A of the Constitution, the decision of the Leader, and therefore a delegation from the Leader to Cabinet will need to be put in place prior to the Cabinet meeting.</p> <p>The Council has powers contained in section I Localism Act 2011, the general power of competence, and/or section III Local Government Act 1972, the power to do anything that facilitates or is conducive to the performance of a function to vary the terms of this agreement and in so doing, provide financial support to GLL in the course of the Covid-19 pandemic.</p> <p>The Council would need to be satisfied that it is reasonable (in a Wednesbury sense) and financially prudent, having regard to its fiduciary duty to its local-taxpayers, to provide support to GLL on the basis set out in this report. A standalone loan provided on this basis would have to be separately entered into and would typically provide for repayment of the loan on the breach of its terms, for example, in the event the loan was deemed not to comply with State Aid requirements.</p> <p>.</p>	<p>Eleanor Penn, Assistant Head of Legal Services, 3rd December 2020</p>

	<p>There are no Human Rights implications arising from the proposed decision.</p>	
<p>Finance and other resources including procurement implications</p>	<p>Approval is sought to provide an additional support package to GLL to assist the partnership with cash-flow implications arising from Covid-19.</p> <p>Recommendations set out in the report cover the period up to the end of March 2021.</p> <p>The council will seek to enter into a loan agreement with GLL, with the following elements:</p> <ul style="list-style-type: none"> ○ loan facility cap of no greater than the sum approved by this report (report proposes preferred option one which would have a cap of £1.170m) ○ monthly drawdowns of principal in advance (preferably on the first working day of the month) ○ first catch up drawdown in December, subject to receipt of an updated schedule per open book arrangement ○ last drawdown under this facility in March 2021 ○ open book analysis updated monthly with reconciliations to enable recalculation of undrawn amounts, subject to the facility cap ○ loan repayments to be made six months after the first drawdown as follows: <ul style="list-style-type: none"> ○ six months - one quarter of the first drawdown ○ seven months - one quarter of the first drawdown ○ eight months - one quarter of the first drawdown 	<p>Damon Cook, Director of Finance, 24 November 2020</p>

- nine months - one quarter of the first drawdown
- ten months - the whole of the second drawdown
- eleven months - the whole of the third drawdown
- twelve months - the whole of the fourth (and final) drawdown
- interest free
- council reserves the right to withhold the management fee upon non receipt of sums due, until principal outstanding is recovered

These terms are yet to be agreed with GLL.

The total level of financial support offered increases to almost £2m by way of this facility and GLL would need to demonstrate that in receiving support in the way that it has been made available, it is not in breach of State Aid.

Any package agreed will reduce should GLL be successful in obtaining public (taxpayer funding and will be accounted for through the open book accounting process.

The report outlines two options for financial support. Option 1 is estimated at £1.170m and Option 2 is estimated at £0.957m. The terms of the loan facility are not affected by the option decided upon.

The forecasts provided by GLL run until March 2021 – GLL have not been able to provide any projections beyond that point and there is no indication that the

	<p>operation moves into surplus from that point or shortly thereafter.</p> <p>In the current COVID environment, the decision taker is advised that the proposed action to grant a loan comes with heightened risk.</p>	
Equalities	<p>The Council's leisure and library partnership with GLL provides services for the entire population of Greenwich. However, it also provides services designed to meet the needs of those who are vulnerable or who may have protected characteristics. A support package that permits GLL to reopen and maintain these services furthers the Council's public-sector equality duty as well as Council objectives in furtherance of Health and Wellbeing.</p>	<p>Tim Hetherington Head of Sport, Leisure, Libraries and Community Services 23/11/2020</p>

11. **Report Appendices**

11.1 The following exempt appendix form part of the report:

- Appendix I: Greenwich Partnership Initial Trading Impact Assessment to March 2021.

12. **Background Papers**

None.

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