

CABINET

15 September 2020

SLL CATMOSE SPORTS CONTRACT COVID19 IMPACT

Report of the Strategic Director for Places

Strategic Aim:	Vibrant communities	
Key Decision: Yes	Forward Plan Reference: FP/170720	
Exempt Information	Appendix A of this report contains exempt information and is not for publication in accordance with paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. Further details can be seen in paragraphs 2.5, 2.7 and 5.1 below	
Cabinet Member(s) Responsible:	Mrs L Stephenson, Portfolio Holder for Culture & Leisure, Highways & Transportation and Road Safety Mr G Brown, Deputy Leader and Portfolio Holder for Environment, Planning, Property and Finance	
Contact Officer(s):	Robert Clayton, Head of Culture & Registration	01572 758435 rclayton@rutland.gov.uk
Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1. Authorises the Director for Places and the Director for Resources, in consultation with the Cabinet Member with Portfolio for Finance and the Cabinet Member with Portfolio for Culture & Leisure, to agree financial support to the Council's leisure operator (Stevenage Leisure Ltd) of £269,021 (£168,191 in 2020/21 and £100,830 in 2021/22) in light of the Covid-19 impact.

1 PURPOSE OF THE REPORT

- 1.1 To authorise the Director for Places and the Director for Resources, in consultation with the Cabinet Member with Portfolio for Finance and the Cabinet Member with Portfolio for Culture & Leisure, to agree financial support to the Council's leisure operator (Stevenage Leisure Ltd) in light of the Covid-19 impact of £269,021 (£168,191 in 2020/21 and £100,830 in 2021/22). Without this financial support, and support agreed with other Local Authorities, Stevenage Leisure Ltd will be unlikely to be able to continue to operate, putting the provision of the Catmose Sports facility in jeopardy.
- 1.2 The contract with Stevenage Leisure Ltd expires at the end of March 2021. Cabinet agreed on 16 January 2020 that the contract could be extended by a year, however it has not been possible to implement the extension to date as a result of the pandemic. Agreeing a package of financial support will enable the extension to be implemented, allowing for the timely procurement of a successor contract.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council has a 21 year lease (to February 2032) with Catmose College for the Catmose Pool and auxiliary hall, and a 40 year lease (to February 2051) for the new sports hall and fitness suites. It entered in to a 10 year contract with Stevenage Leisure Ltd (SLL), alongside a parallel sub-lease, to operate the Catmose Sports facilities, running from 1 April 2011 to 31 March 2021. Cabinet have agreed this contract can be varied to extend it by one year to 31 March 2022.
- 2.2 Leisure centres are used by a significant proportion of the County's population. Catmose Sports has been used by over 11,000 individuals over the last 9 years, with currently over 1,400 members paying by direct debit, and many more walk-in users. Centre participation figures show annually 16,000 swimming sessions, 15,000 swimming lessons, 85,000 fitness sessions and 67,000 club and casual sports sessions participations.
- 2.3 The onset of Coronavirus and its spread throughout the Country and World has had an unprecedented effect on individuals, families, communities and businesses across the country. In order to restrict the potential spread and minimise the risks Central Government instructed all gyms and leisure centres to close down by the end of business on 20 March 2020. This closure instruction was accompanied with a package of Government support relating to supporting 80% of costs related to staffing up to a limit of £2,500 per month per employee (the furlough scheme), business loans, business rate relief and business support grants.
- 2.4 The Council has been in continuous contact with SLL to ensure compliance with operating restrictions, and to understand the impact on their business. Due to their size, SLL have not been eligible for any of the rate relief or support grants which many other businesses have benefitted from. SLL furloughed the majority of their staff, but have continued to undertake basic maintenance of the Catmose Sports facility, and have been liable for utilities and other property costs. In order to mitigate the impact on their members when they were not able to access the centre, membership fees were suspended, meaning SLL were not generating any revenue income to meet these costs.
- 2.5 SLL wrote to the Council on 29 June 2020 to outline proposed terms for continuing to operate the Catmose Sports centre for the current year, and to the end of the extension period. Details of the proposals are outlined in Exempt Appendix A, due

to the commercially sensitive nature of the information.

- 2.6 The Council have a positive working relationship with SLL who have supported wider Council activity including coordination of the Council's GP Exercise Referral scheme.
- 2.7 If SLL fail to survive through this difficult time it will place a significant burden and cost on to the Council including a potential re-tendering of the contract and / or a TUPE transfer of all the staff to the Council. Further information is provided in the Exempt Appendix.

3 CONSULTATION

- 3.1 The contractual position and potential financial impact has been discussed with the Leader, the Portfolio Holder for Finance, the Portfolio Holder for Culture, the Strategic Directors for Resources and Places, and the Deputy Director Corporate Governance.

4 ALTERNATIVE OPTIONS

- 4.1 Unless a support arrangement is agreed there is a very strong likelihood that the Catmose Sports facility will be closed to the public as SLL will be unable to generate sufficient revenue to operate the site and there would be a significant financial liability to the County Council in bringing the operation of the facility back in house
- 4.2 There would be a very negative impact on the ability of our residents to access sports and fitness provision, should it cease to operate, as the facility is the only pay and play (not requiring pre-paid membership) facility in the County. If public access ceased there would continue to be significant financial responsibilities for the site which would rest with the Council as a result of the lease arrangements, as outlined in the Exempt Appendix.
- 4.3 The Uppingham School Sports Centre, which has a limited element of public access, is not planning to reopen to the public until 2021 at the earliest.
- 4.4 Officers have discussed approaches for supporting leisure providers with neighbouring authorities, which are all facing similar issues. Each contract is different, but the requirement to provide financial support to leisure providers is uniform across all authorities. Many authorities have now agreed financial support packages with their providers to underwrite core operating costs and overheads.

5 FINANCIAL IMPLICATIONS

- 5.1 Financial details of the current contract are included in the Exempt Appendix to protect commercially sensitive information.
- 5.2 Providing relatively short term financial support to SLL would ensure that residents are able to continue to access provision to improve their health and wellbeing, which in the longer term will have a positive impact on the Council's expenditure by reducing the impact of inactivity-related conditions such as obesity.
- 5.3 Supporting a contractor that is experiencing issues beyond their control in a considered and measured way will also demonstrate to potential bidders for future contracts that the Council is both committed to the long term wellbeing of its residents and to securing value for money leisure provision.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Anthony Collins Solicitors LLP have reviewed the contractual position, and the Portfolio Holders have been briefed on their findings.
- 6.2 Agreeing a support package is a Key Decision and Cabinet authority is therefore requested for this work.
- 6.3 Cabinet Office procurement Policy Note “Supplier relief due to COVID-19. Action note PPN 02/20 March 2020” provides assurance that support measures do not constitute unlawful state aid because the ability to offer financial support has arisen through the existing, pre-procured contractual mechanisms that were already in place.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Stage 1 Data Protection Impact Assessment (DPIA) has been completed which indicates that as no new personal information or methods of collection will be caused by the proposed support provision, there is no requirement for a full Impact Assessment to be completed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 If a support package for the contract is not agreed, there may be equality and diversity impacts. A full Equality Impact Assessment (EqIA) has been completed which outlines the potential areas of impact. Agreeing a support package for SLL to continue operating their established range of provision would result in no detrimental equalities implications.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 Provision of accessible, good quality sports and recreation facilities helps to reduce levels of anti-social behaviour, by providing diversionary activities. Formal membership of sports and recreation organisations helps to build community bonds and a sense of local pride.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 Provision of a comprehensive and accessible network of facilities to enable individuals and groups to participate in sports and recreation can be a huge benefit to the health and wellbeing of the community. A vibrant sports community already exists in Rutland, and is a significant contribution to the generally high levels of health and wellbeing recorded in the County. A positive attitude to physical fitness and personal health has also been shown to improve the mental wellbeing of individuals. The range of facilities and pursuits available in Rutland is also a strong draw for persons considering relocating to the area.
- 10.2 The Catmose Sports facility is a key asset of community value and critical element of Rutland’s sports provision, being the County’s only pay and play facility where members of the public can access facilities without paying regular membership fees. The centre is hub of the GP Exercise Referral provision, organising and assessing individuals who have been recommended to undertake physical activity to address their health issues. The loss of this facility would have a very significant impact on the health and wellbeing of the County’s residents.
- 10.3 If the Catmose sports facility is forced to close there would be short and longer term

health implications for the wellbeing of a number of residents both young and old. The cessation of gym / fitness class facilities, children's swimming lessons, and lack of access for many local sports clubs would create a significant downturn in levels of physical activity and increase pressure on the County Council to respond to community demand for such activities.

11 ORGANISATIONAL IMPLICATIONS

11.1 Procurement Implications

11.2 The Catmose Campus Sports Centre Management Contract between the Council and SLL includes provision for a "Change in Law" event that substantially impacts the operation of the service (Clause 16). Under such circumstances either party can notify the other of the impacts, and propose changes in the services to address the impacts.

11.3 The Contract also has provision for the contractor to propose a Variation (Clause 15). The Council may propose modifications, accept or reject the Contractor Notice of Variation. It is proposed that through this mechanism a support package will be agreed with the Contractor.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

12.1 In order to mitigate the impact of the Covid-19 pandemic on leisure provision in the County, Cabinet is requested to authorise the Director for Places and the Director for Resources, in consultation with the Cabinet Member with portfolio for Resources and the Cabinet Member with portfolio for Culture & Leisure, to agree financial support to the Council's leisure operator (Stevenage Leisure Ltd) of £269,021 (£168,191 in 2020/21 and £100,830 in 2021/22).

12.2 Agreeing a support package will ensure that access to leisure provision, under the restrictions on activity imposed by Central Government, can continue both in the current financial year and onwards to the end of March 2022. Agreeing a package of financial support will also allow for the timely procurement of a successor contract.

13 BACKGROUND PAPERS

13.1 There are no additional background papers to the report.

14 APPENDICES

14.1 Exempt Appendix A: SLL Contractual Impact Summary

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.