

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	8 October 2020	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3213
TITLE:	Leisure Service Review	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
<ul style="list-style-type: none">• Equality Impact Assessment (reviewed)		

1 THE ISSUE

- 1.1 In March 2020, the Government announced the temporary closure of all gyms, leisure centres and outdoor spaces as part of its COVID-19 response to stop the spread of infection.
- 1.2 Councils across the country have been faced with a choice between providing financial support to cover the losses sustained during this period or seeing leisure centres close down.
- 1.3 Bath and North East Somerset Council has provided financial support in line with government supplier relief guidance (PPN 02/20) to its contractor GLL to ensure its leisure centres can continue to operate.
- 1.4 The Council has worked closely with GLL to manage costs and access funding such as the government furlough scheme during this period to minimise the losses sustained.
- 1.5 To consider the best way to ensure there is a sustainable business model moving forwards in Bath and North East Somerset a review of leisure/sports provision has been undertaken.
- 1.6 This report sets out the main issues considered in that review and then makes recommendations for consideration by Cabinet to help mitigate the continued impact from Covid-19 on income, customer behaviour and

confidence and the need to adapt to changing guidance and the challenges presented by the current situation .

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Agree to the following recommendations that have been developed in response to the Covid-19 impact upon the leisure industry, our contractual arrangements with GLL and the financial impacts this has placed upon the council.
- (1) Remove Chew Valley Leisure Centre from the GLL contract and hand back the lease to Chew Valley School at the end of this financial year (31st March 2021) and work with the Lighthouse School Partnership to provide an alternative solution to providing community use of the leisure facilities outside school hours.
 - (2) Re-open the dry side facilities at Culverhay Leisure Centre. The future of the swimming pool will be considered in more detail as numbers return to leisure centres and Covid 19 infection risk is reduced.
 - (3) Request officers explore investment opportunities at Odd Down Sports Ground to turn this facility from a deficit to a profit. A business case that demonstrates a clear return on investment well within the remaining life of the contract will be required for this to proceed.

3 THE REPORT

Background

- 3.1 The Leisure Service is a discretionary service, however it contributes to many critical Council priorities including tackling obesity, improving physical health and wellbeing; addressing mental health and reducing our impact on climate change through encouraging walking and cycling.
- 3.2 The contract with Greenwich Leisure Limited (GLL) to manage the Council's leisure centres is key to delivering these outcomes.
- 3.3 GLL is a social enterprise. Many local authorities have outsourced their leisure provision to social enterprises over the last 10-20 years. These partnership models build in capital investment to profit making elements (gyms, astro turf), which in turn subsidise those elements that run at a loss (swimming pools, squash courts, sports halls) minimising costs to local authorities.
- 3.4 GLL operates 394 facilities across 50 local authorities and public organisations that deliver leisure, sport, health, children's centres, library & cultural services which are fully accessible to the public. These facilities welcome 54m visits each year with an overall customer satisfaction level of 85%.
- 3.5 A nationally recognised tool has been used to assess the Social Value created by the work GLL do within B&NES and this has been valued at over £8,000,000 since 2015.

3.6 Facilities and sites within the leisure portfolio managed by GLL under the contract are as follows:

- Bath Leisure Centre
- Keynsham Leisure Centre
- The Pavilion
- Chew Valley Leisure Centre (Dual Use Centre)
- Culverhay Leisure Centre
- Odd Down Sports Centre

3.7 Since the start of the GLL contract in 2015 there has been a year on year increase in usage and targeted programmes to engage priority groups and an extensive refurbishment programme. Pre-covid-19 the centres had

- a) over 6000 members – 45% of which are on a concessionary rate
- b) c.2000 children enrolled in the swim schools
- c) over 1 million visits a year
- d) over 900 people referred on to the exercise on referral programme which helps people manage health conditions such as obesity, mental health support and heart conditions

3.8 As a social enterprise GLL's cash reserves are limited.

Impact of Covid-19

3.9 Along with all leisure operators across the country all of GLL's contracts were impacted at once by the Covid-19 situation.

3.10 When Covid-19 legislation was passed that required leisure facilities to close GLL lost all income from all of its facilities in all of its contracts. However, costs still remained - for example ensuring the mechanical and electrical systems, particularly linked to the swimming pools, were managed and maintained and ready to operate again once lockdown was released.

3.11 This left GLL and all other leisure operators with very limited options to deal with the financial impacts without support from their Local Authority partners. The situation has been made worse as leisure providers are exempt from most Covid-19 emergency support funding.

3.12 As a result GLL has requested supplier relief from the Council as recommended under guidance note PPN 02/20.

3.13 A sum of £565,643 has been agreed to the cover losses to the end of August 2020 with the Council working closely with GLL to control costs as far as possible during this time.

3.14 These costs have also been independently benchmarked by Sport England supported advisors to ensure they are in line with what other Local Authorities are experiencing and that all avenues for controlling costs are being explored.

- 3.15 It has been agreed with GLL that any further support required from September 2020 will be via a loan agreement to be paid back over the lifetime of the contract.
- 3.16 Officers have been working with other South West local authorities to share experiences, best practice and approaches taken with leisure providers. Where Local Authorities have not supported leisure contractors their leisure centres have not reopened.
- 3.17 At the request of the SW Chief Executive Officers group, this group has been lobbying Ministers directly on the financial pressured faced by the sector. Funding from central government has only covered directly run LA leisure services, not those who use leisure trusts as a model of delivery as in this case.
- 3.18 GLL representatives are also involved in direct discussions with government. All parties are working closely with Sport England who have submitted a request to government to support the sector (circa (£1b).

Phased Re-opening

- 3.19 GLL have managed a phased re-opening of the facilities which started at the end of July. GLL and the Council have worked together to ensure that they open those facilities that can improve the financial position and have the greatest impact on participation levels while social distancing remains in place as this impacts the capacity of the facilities. It also allows time to assess how customer confidence, behaviour and demand has been affected by Covid-19 as we came out of initial Covid-19 response period.
- 3.20 Bath Sports and Leisure Centre and Keynsham Leisure Centre re-opened on 25 July to start this process with Odd Down Sports Ground following in August. This has seen c.40,000 visits to these centres as facilities gradually reopen which is around a third of the visits for the same period last year. Given the reduced capacity required by social distancing rules and the fact that not all areas of the facilities have been open for the whole period this is a positive and encouraging start.
- 3.21 The additional government measures to control Covid-19 announced on 22nd September 2020 do not impact on the leisure recovery model at the time of writing this report.
- 3.22 Culverhay School dry facilities are due to come online, date to be confirmed by the operator, with Chew Valley Sports Centre working to restart club and block bookings only at this stage.
- 3.23 The Pavilion however will remain closed at this time in line with Government guidelines. This is being reviewed regularly as advice is updated on the types of activities that can and can't take place. Staff have been re-deployed to other sites to mitigate costs where possible.
- 3.24 While it is positive that centres are re-opening and income streams are returning it is likely to be some time before they recover fully and there is also the risk of further restrictions on use being put in place to combat Covid-19.

Leisure Service Review

3.25 In the light of the financial pressure Covid-19 has placed on the Council and GLL a review has been undertaken to seek to develop a more sustainable business model for the future.

3.26 The recommendations in this report are designed to balance the need for a sustainable financial model against the desire to provide leisure services that help to improve the health and wellbeing of the local population.

3.27 Actual profit and loss figures for each site are not included as this is deemed commercially sensitive information as part of the contract with GLL.

3.28 Bath Sports and Leisure Centre and Keynsham Leisure Centre are not considered as part of this review as they have recently been refurbished and will not require any subsidy to operate once maturity is reached for the new facilities. They are also the biggest sites with the highest participation levels as shown below as visits per year:

Centre	2018	2019	Subsidy per user
Bath Pavilion	89,477	69,912	£0
Bath Sports & Leisure Centre	612,784	771,976	£0
Chew Valley Sports Centre	24,705	27,383	£2.10
Culverhay Sports Centre	81,803	77,065	£0.5 or £1.60 for swimming pool users
Keynsham Leisure Centre*	161,044	132,559	£0 at maturity
Odd Down Sports Ground	60,840	86,593	£1.10

*Keynsham Leisure Centre was refurbished during this period and was operating at reduced capacity. User numbers are expected to increase significantly once the centre business plan reaches maturity.

Chew Valley Leisure Centre

3.29 Chew Valley Leisure Centre is located on the site of Chew Valley School which is run by the Lighthouse School Partnership (LSP) in Chew Magna and provides a programme of sports, exercise and activities for the local community. The facilities are used by school during the day and then are open to the public in the evenings and at weekend.

3.30 This centre has the lowest level of usage of all our leisure centres due to the relatively small community that it serves and makes a significant trading loss which is in excess of £50k per year. This equates to a subsidy of c.£2.10 per visit which is the most expensive of all of the leisure centres.

3.31 This level of usage makes it hard to sustain the overheads of a full leisure centre type operation and is more suited to providing a scaled down community lettings type approach.

3.32 Other full-scale leisure centre facilities are available within a reasonable distance for a rural area in Midsomer Norton (11 miles) or Keynsham (8 miles). Public bus services connect to Keynsham and Midsomer Norton.

https://www.bathnes.gov.uk/sites/default/files/sitedocuments/chew_valley_bu_s_leaflet_nov_12.pdf

- 3.33 The council currently holds a lease from the Multi Academy Trust for the community management of the leisure facilities and the lease can be terminated with 3 months' notice.
- 3.34 Discussions with the school have taken place to understand the feasibility and practicality of continued community use of the facilities should the lease be ended. Officers have been working with LSP staff to develop a sustainable business model for future operation that is more in line with the usage level.
- 3.35 Dragonfly Leisure, who operate Withington Sports Centre and Midsomer Norton Sports Centre, have been approached as a potential partner for the school to develop a new operating model.

3.36 Recommendation 1:

Agree to hand back the lease to the school at the end of this financial year (31st March 2021) and work with the Lighthouse School Partnership to secure community use outside school hours under a different more cost-efficient operating model.

Culverhay Leisure Centre

- 3.37 The leisure centre is part of the former Bath Community Academy site and serves the communities of Twerton, Southdown and Whiteway which have been identified as having higher levels of socio-economic deprivation. The facilities are in poor condition and the pool is not well used. The maintenance liability means that the centre makes a significant trading loss with the pool being the major part of this.
- 3.38 The future use of the whole BCA/Culverhay site is currently under review through an options appraisal exercise.
- 3.39 The council has invested in teaching and swim facilities at both Bath and Keynsham.
- 3.40 The pool at Culverhay is old and expensive to heat in part due to the unusual 3m depth at the deep end. The future of the pool will be considered as part of the overall re-development of the site.
- 3.41 The sports hall is well used and is needed to meet the demand identified through Sport England modelling in Bath and this alongside the fitness facilities represents a viable offering.

3.42 Recommendation 2:

In the short term re-open the facility without the pool as part of the phased re-opening. This would include the sports hall and fitness areas and would provide a significant saving on maintenance and energy costs.

The long term leisure provision on the site should be decided as part of the wider work on the future use of the whole site.

Odd Down Sports Ground

3.43 The site was refurbished in 2015 with a new 3G pitch, new pavilion, new closed road cycle circuit and investment into the grass pitches. Since it's reopening it has become a busy and valued community site with over 85,000 visits in 2019, up from 60,000 in 2018 as shown in the table above in paragraph 3.28.

3.44 Odd Down operates at a loss (in excess of £70k per year) mainly due to the grass pitch element of the site. Football pitches and cricket pitches are expensive to maintain and drive very little income. Removing this provision from the site would save money but would be removing facilities that the community value and would put at risk local football clubs and local leagues who would find it hard to find alternative sites.

3.45 The current subsidy required to cover the loss equates to c.£1.10 per user

3.46 Several funding agreements are in place with Sport England, the Football Foundation, RFU, ECB and British Cycling which would result in claw back of grants if the pitches on the site were closed.

3.47 While the site currently makes a loss, this has significantly reduced in recent years and the site could benefit from additional investment in facilities that could remove this loss-making position and allow the site to become cost neutral. This will ensure that the broad leisure offer remains in place.

3.48 With the right investment there is potential to significantly increase income at this site. The addition of a fitness suite, studio space and soft play type facilities would make this site a viable proposition. The cost of the additional facilities is estimated at £660K. This would be on an invest to save basis with a relatively quick return on investment (c. 4.5 years). More detailed business planning and design would be needed to bring this idea to fruition.

3.49 Other partnership projects are being explored as well at this time.

3.50 Recommendation 3:

Request officers explore investment opportunities at Odd Down Sports Ground to turn this facility from a deficit to a profit. A business case that demonstrates a clear return on investment well within the remaining life of the contract will be required for this to proceed.

Bath Pavilion

3.51 The Bath Pavilion (music and cultural venue, event space etc) normally operates at a break-even or small surplus. However, given the nature of the venue it is not anticipated that mass participation events will be allowed this financial year and so this facility is showing a loss and slower recovery than the sports facilities as there will be staff costs to maintain beyond the end of furlough.

3.52 An option is to permanently close this facility making the staff redundant; however this would likely have a detrimental long term impact on the contract and would likely be a difficult decision as this facility has a significant history

in Bath and there are no other similar facilities in the local area. Closure is not an option the council wishes to explore.

3.53 It is currently planned that the Pavilion should remain closed in line with Government guidelines at this time. This situation should be regularly reviewed as advice is updated on the types of activities that can and can't take place and seek to re-open as soon as it is safe to do so. Staff to continue to be re-deployed to other sites to mitigate costs where this is possible.

4 STATUTORY CONSIDERATIONS

4.1 Equalities, natural environment, public health, procurement and inequalities.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 A detailed business case is required for Odd Down Sports Ground before progressing that option.

5.2 Potential savings based on the recommendations above:

Site	Potential annual recurring Saving
Odd Down Sports Ground	c. £45 K dependant in business case
Culverhay Leisure Centre	c. £30 K
Chew Valley Leisure Centre	c. £40 K

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

7 EQUALITIES

7.1 It is anticipated that the recommendations will have minimal impact. The facilities at Chew Valley School are planned to continue under a different operating model, the pool at Culverhay has alternatives that are accessible and the facilities at Odd Down are proposed to be extended. The Swimming Pool Equality Impact Assessment (copy attached) has been reviewed and is not impacted by these changes. Members must, when exercising their decision making powers, consider their public sector equality duty to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people carrying out their activities. Members must consider the impact of the phased return of leisure services on those with protected characteristics.

8 CLIMATE CHANGE & ECOLOGICAL EMERGENCY

8.1 Ensure any planned investments at Odd Down consider the climate change and ecological agenda during the design stage to maximise energy efficiency and minimise/improve any ecological impacts.

8.2 With new more efficient teaching pools being completed at Bath and Keynsham Leisure Centres this will reduce our energy use.

9 OTHER OPTIONS CONSIDERED

9.1 See above

10 CONSULTATION

10.1 Cabinet Members, Monitoring Officer, S151.

10.2 GLL – National Team and Regional Business Manager

10.3 Max Associates – Lead consultant Mark Steward

10.4 Lighthouse Schools Partnership

Contact person	Marc Higgins marc_higgins@bathnes.gov.uk
Background papers	N/A
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