

Eden District Council
Council

24 November 2022

Leisure Contract Pressures

Portfolio:	Resources
Report from:	Interim Director of Resources
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 The purpose of this report is to consider pressures identified by Greenwich Leisure Limited (GLL) and consider making an additional one off payment to support them given the significant additional energy costs they have borne due the current economic circumstances.

2 Recommendation

- 2.1 It is recommended that the Council approve a one off payment of £325,000 to GLL in recognition of the additional energy costs that they have borne in 2022/23.
- 2.2 The additional payment to be funded by a combination of earmarked reserve (£200k) and general reserve (£125k).

3 Report Details

- 3.1 The Council has worked closely with its leisure services provider GLL throughout the Covid19 pandemic where it provided significant support to cover their contract losses due to centre closures.
- 3.2 The Council recognises that prior to Covid the contract was loss making, but GLL had made significant inroads into the size of the deficit, which was at that point around £200k.
- 3.3 As part of the 2022/23 budget process the Council set aside £200k in an earmarked reserve recognising the pressure that GLL were under at the time, which was prior to the economic effects currently being faced.
- 3.4 We have worked with GLL to consider a number of potential mitigations, however many and certainly those that save the most money would also result in service reductions.
- 3.5 The Council and GLL are committed to maintaining and where possible improving the services provided. This is particularly important at this time when access to services that support health and wellbeing is critical.

- 3.6 Whilst the longer term future of the contract will fall to Westmorland and Furness Council it is imperative that EDC passes on a contract that is functioning as well as it possibly can.
- 3.7 In order to do this GLL have sought financial support, from the Council, for the additional costs of energy for 2022/23 caused by the current inflationary impacts in the market. The ask has been through an open book process and the total increase is £325k.
- 3.8 The impact of not supporting would result in GLL seeking to mitigate through measures such as reducing centre opening times and above inflationary increases in fees and charges.
- 3.9 If approved the earmarked reserve would be used to fund £200k and the additional amount met from General Reserves.
- 3.10 It should be noted that the proposal is for a one-off payment and not an increase in the contract. This therefore does not require a section 24 report to Westmorland and Furness Council.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative
- 4.2 This report meets the Healthy, safe and secure corporate priority as access to leisure services is key part of delivering the Council's health and wellbeing priorities.

5 Consultation

- 5.1 The proposals have been considered and approved by Cabinet.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.
- 6.1.2 The financial implications are set out within the report.

6.2 Legal

- 6.2.1 As consideration is a one off payment there are no contractual implications.

6.3 Human Resources

- 6.3.1 There are no Human Resources implications arising from this report.

6.4 Environmental

- 6.4.1 There are no environmental implications

6.5 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	N/A
Health, Social Environmental and Economic Impact	Maintaining leisure services is an integral part of delivering health and wellbeing priorities.
Crime and Disorder	N/A
Children and Safeguarding	N/A

6.6 Risk Management

Risk	Consequence	Controls Required
That GLL push for service reductions and possibly centre closures.	Reduction in service levels Reputational damage. Creates an immediate issue for Westmorland and Furness Council.	Continue to work with GLL to take advantage of those mitigations that don't impact on service levels.

7 Other Options Considered

7.1 The option to not support GLL was considered. The reasons for dismissing this are set out in the report.

8 Reasons for the Decision/Recommendation

8.1 To support GLL to deliver services in 2022/23 and beyond.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	Report Author
Monitoring Officer (or Deputy)	16 November 2022
Relevant Assistant Director	N/A

Background Papers: None

Appendices:

Contact Officer: Paul Sutton, Interim Director of Resources