

# Leisure Centres Re-opening update

Cabinet Member for Leisure Parks and Waste

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Key Decision? **NO**

Local Ward Members All Wards



**Leisure, Parks and  
Waste Management  
(Overview and  
Scrutiny) Committee**

## 1. Executive Summary

- 1.1 Following the mandated closure of leisure centres, Burntwood Leisure Centre re-opened as soon as permitted on 25 July. Freedom Leisure have successfully designed and implemented a Covid-safe operation. Friary Grange Leisure Centre will re-open at the end of October.
- 1.2 The initial performance of Burntwood post re-opening presents a mixed picture. Fitness participation has been strong, and is an encouraging sign in terms of the long-term viability of the service. However Covid safety has required significant changes to the delivery of swimming, where there has been a substantial (71%) drop in participation.
- 1.3 Initial financial performance is not as strong as Freedom Leisure's pre-opening estimates, but remains within the range estimated by officers.
- 1.4 It remains very early in the process of post-lockdown re-introduction of leisure provision. Officers will continue to work with colleagues in Freedom Leisure to optimise performance and manage risk.

## 2. Recommendations

That Committee

- 2.1 Note the contents of the report.

## 3. Background

### Background

- 3.1 As part of measures to manage the spread of Covid-19, Government mandated closure of all indoor leisure centres on 21<sup>st</sup> March. On 9 July Government announced that leisure centres could re-open with effect from 25 July 2020.
- 3.2 The Head of Operational Services in consultation with the Cabinet Member for Leisure Parks and Waste made the decision to re-open Burntwood Leisure Centre as quickly as possible, but that Friary Grange would not open before the end of the Job Retention Scheme at the end of October 2020. This decision reflected the desire for a managed, phased re-introduction of services to understand demand for services, assess the effectiveness of Covid-safe operations, learn lessons from good practice and manage financial risk.
- 3.3 Burntwood Leisure Centre re-opened on 25 July and is understood to be the first public pool in Staffordshire to re-open.

## Covid Safe Operation

- 3.4 Freedom Leisure have delivered an impressive Covid-safe operation.
- All activities are now accessed by pre-booking only, both to support test and trace and also to manage occupancy at a safe socially-distanced level.
  - The customer flow around the centre has changed to allow one-way traffic as far as practicable.
  - Rooms have been re-purposed to move activities into larger spaces: group exercise sessions to the sports hall or outside to accommodate more participants, gym/ spin equipment into studio 2 to allow larger instructor lead cycle classes and a space for more participants that might want to do a gym session.
  - Cleaning regimes have been increased with additional self-serve cleaning stations provided throughout the building for users.
- 3.5 Officers have benchmarked Freedom Leisure’s approach with other authorities and providers in the County. Freedom’s approach reflects emerging best practice.
- 3.6 Customer feedback on the Covid-safe operations has been positive, praising the organisation, efficiency and sense of safety.

## Burntwood Leisure Centre Performance - throughput

- 3.7 Usage of Burntwood Leisure Centre to-date have been encouraging presents a mixed picture. Attendances for the month of August are presented in table 1 below:

	Total Capacity available	Actual Participation	% Utilisation	August 2019 participation	August 2019 vs August 2020 (Visits)	August 2019 vs August 2020 (% change)
Swimming Casual	4,859	2,138	44%	7,344	-5,206	-71%
Fitness suite	8,196	3,918	48%	3,901	17	0%
Group Exercise	1,951	1,652	85%	3,139	-1,487	-47%

- 3.8 Fitness participation is very positive, with figures showing participation already returned to pre-Covid levels. This does need to be seen in the context of changes in performance measurement: in 2019 some fitness usage may not have been captured as common practice is for pre-paid fitness members to be “waved through” at busy times to reduce queuing; whereas in 2020 all usage is pre-booked and captured. Nevertheless the re-opening fitness participation is very encouraging especially given the critical role fitness membership income plays in the financial viability of leisure centres.
- 3.9 Group exercise usage is also extremely encouraging with high levels of utilisation. In common with many providers, Freedom Leisure re-opened with a significantly reduced group exercise programme to assess demand and to manage risk. An expanded group exercise programme, nearly doubling the number of classes available, has been implemented from September.
- 3.10 The re-introduction of swimming seems to have been less well received. It is important to stress the dramatic changes to the delivery of swimming: all sessions now have to be pre-booked, the main pool is principally lane-swimming only and the programme is sporadic initially providing 45-minute sessions followed by hour-long breaks to ensure effective cleaning. Swimmers will need some time to adjust to these changes.
- 3.11 However a 71% drop in swimming participation alongside 56% spare capacity is a significant cause for concern, especially given the high cost of swimming provision. The pool programme has changed from

September, seeing the re-introduction of both school swimming and swimming lessons, which is intended to drive significant additional swimming throughput.

- 3.12 Whilst Friary Grange remains closed. Freedom Leisure have worked hard to accommodate Lichfield Swimming Club at Burntwood. Lichfield Swimming Club have been allocated good training slots, initially Tuesday, Thursday & Friday at 3.30pm – 4.30pm and 5pm – 6pm, moving to 6.15pm – 8.30pm on Tuesdays, Thursdays and Fridays from September. Benchmarking with other providers indicates that many swimming clubs have struggled to secure training times since pools were allowed to re-open and in this context Lichfield Swimming Club have been well provided for.
- 3.13 Penguins Disability Swimming Club were initially cautious returning to swimming, with many of their members having serious health conditions, putting them at higher risk from Coronavirus. Freedom Leisure met with members of the club to provide confidence that the leisure centre is a Covid-safe environment and they have all the necessary facilities and equipment to support their disabled members. The club have now re-started sessions at Burntwood Leisure Centre and feedback has been extremely positive.

### **Burntwood Leisure Centre Performance - Financial**

- 3.14 Finance has been a key factor in planning for re-establishing leisure provision. Many successful leisure operations recover all their operating costs through trading income, in many cases delivering an operating surplus. The mandated closure saw virtually all income to leisure centres cease overnight, creating an immediate cost pressure for leisure operators. For authorities like Lichfield with an outsourced leisure service, liability for these cost remains unclear. Whilst one of the benefits of outsourcing has always been the transfer of business risk, legal advice is that the Government-mandated closure of leisure centres represents a “qualifying change in law” which allows contractors to approach client authorities for support with costs.
- 3.15 In common with most authorities with outsourced leisure provision, Lichfield District Council decided to provide financial support to Freedom Leisure during lockdown and for the remainder of financial year 2020/21 as the income base is re-established. This was to ensure the ongoing provision of leisure services to residents. Without support from client authorities a number of leisure providers – including Peterborough and Eastbourne – have had to exit contracts.
- 3.16 The local government income compensation scheme announced by the Ministry of Housing, Communities & Local Government does not compensate authorities with outsourced leisure provision for the leisure centres’ lost trading revenue, only the Council’s lost income from the budgeted management fee. This significantly disadvantages outsourced local authorities and the Cabinet Member for Leisure Parks and Waste has lobbied for a change in Government policy.
- 3.17 Covering Freedom Leisure’s unrecoverable operating costs during and post lockdown, is estimated to cost up to £1.03million in 2020/21. In current financial projections, excluding reduced income, this represents 57% of LDC projected budget pressures and is LDC’s single biggest Covid-related budget pressure.
- 3.18 Income generated for the first full month of operation at Burntwood was just under £27k, which was lower than Freedom Leisure’s pre-opening estimate of £73k. The main reason for the shortfall was due to lower than expected swimming income. Expenditure has also been higher than Freedom Leisure’s pre-opening estimate – this principally relates to additional staffing costs that were not covered by the Job Retention Scheme. Full detail of income and expenditure can be seen at Appendix 1.
- 3.19 Whilst Burntwood’s performance is below Freedom’s pre-opening estimates it remains within the estimate presented in the Money Matters report to Cabinet on 8 September.

### **Friary Grange**

- 3.20 The Council has reaffirmed its commitment to Friary Grange and that the centre will re-open at the end of October. A re-opening date is currently being agreed with Freedom Leisure. The Friary Grange Academy are now providing community use of the artificial grass pitch and are looking to re-open the sports hall later this academic term.
- 3.21 The procurement process to appoint a contractor for the refurbishment project has now been completed. September will see an announcement of both the preferred contractor and also the anticipated start-on-site date.

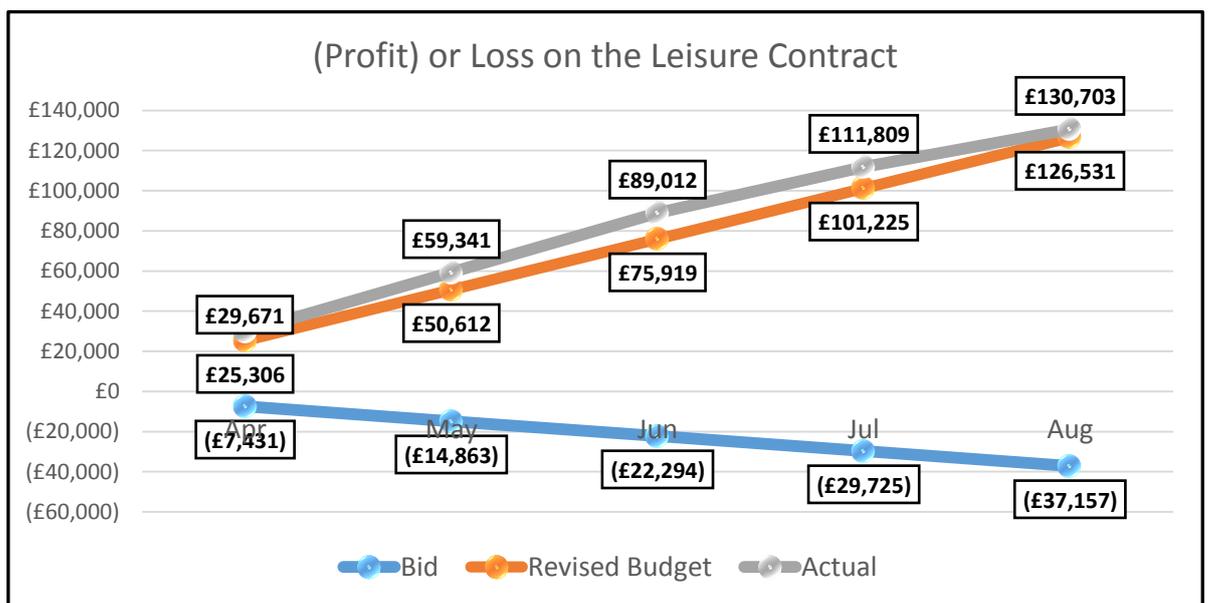
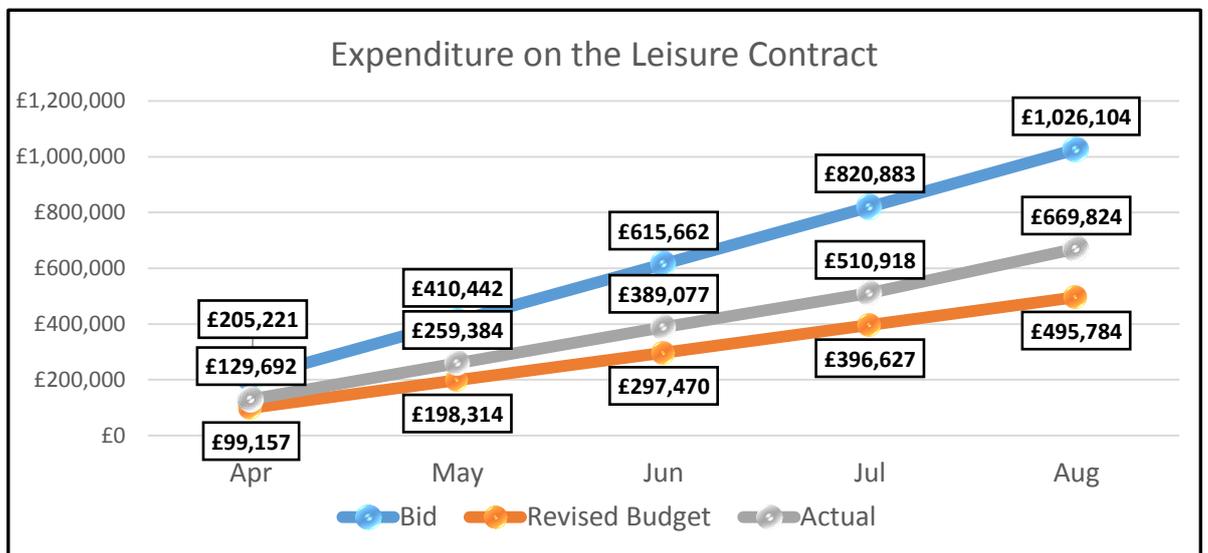
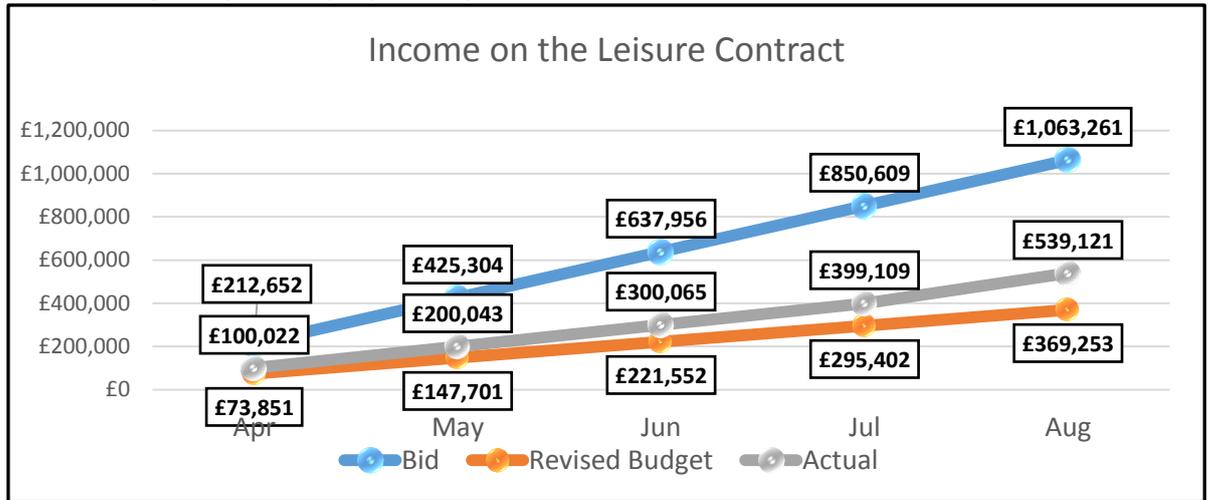
### Wider Context

- 3.22 Leisure is a discretionary service provided through a range of delivery models. As such a variety of approaches have been taken with regard the re-establishment of services. Fewer than half of all leisure centres re-opened initially, with most authorities achieving a gradual and phased re-introduction of services.
- 3.23 It is still very early in the process of re-introducing leisure provision post-lockdown. Where centres have re-opened, this has happened at various stages throughout July, August and September. This makes credible benchmarking of Burntwood's performance very limited at this point. However initial indications do suggest a similar pattern elsewhere, with heavy discounting restricting re-opening income.
- 3.24 At the time of drafting this report almost a quarter (223 of 1,002) of England's publically accessible swimming pools remain closed indefinitely. Notably Ponds Forge International Sports Centre in Sheffield remains closed with no opening date.

Alternative Options	<p>4.1 The Council could decide not to provide any support to Freedom Leisure. However this would jeopardise the ongoing provision of leisure services as this may see Freedom exit the contract. Bringing the service in-house or seeking another external provider would involve significant disruption to service, risks and potentially costs in excess of those outlined.</p> <p>4.2 The Council could seek to cease any involvement in direct leisure provision. This would however have an impact on physical activity levels and the associated health and wellbeing benefits. There would also be an ongoing asset liability for the Burntwood Leisure Centre site.</p>
Consultation	Sport England, Max Associates, Winckworth Sherwood, Staffordshire local authorities

Financial Implications

The following graphs show the impact compared with both the original Bid and the Revised Budget of Income, Expenditure and (Profit)/Loss on the Leisure contract for April to end August 2020. The figures for July and August actuals are draft. The 'Bid' figures are those relating to the original Commercial Bid made by Freedom when tendering for the contract, whilst the 'Revised Budget' figures relate to the revised budgeted position proposed by Freedom as a result of COVID-19.



Contribution to the Delivery of the Strategic Plan	Sustainable leisure centre provision in support of active lifestyles contributes to: <ul style="list-style-type: none"> <li>a. <b>Enabling people</b> – to live healthy and active lives.</li> <li>b. <b>Developing prosperity</b> – to enhance the district for visitors</li> <li>c. <b>A good council that</b> – is financially sound, transparent and accountable.</li> </ul>
Equality, Diversity and Human Rights Implications	There are no equality, diversity and human right implications associated with the actions taken thusfar.
Crime & Safety Issues	The review has not had an impact on any crime and safety issues.
GDPR/Privacy Impact Assessment	Not required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Reduction in income beyond the level projected	<ul style="list-style-type: none"> <li>• Monthly review meetings</li> <li>• Potential to switch scenarios</li> </ul>	Likelihood: Red Impact: Yellow Severity of Risk: Yellow
B	Permanent reduction in demand	<ul style="list-style-type: none"> <li>• Maintain liaison with Sport England</li> <li>• Adapt service to respond to new customer requirements</li> </ul>	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
C	Further period of Covid-related lockdown	<ul style="list-style-type: none"> <li>• Focus on Covid-safe operation.</li> </ul>	Likelihood: Yellow Impact: Red Severity of Risk: Yellow
D	Freedom Leisure cease to trade	<ul style="list-style-type: none"> <li>• Maintain close relationship with Freedom Leisure – visibility of their cash-flow.</li> <li>• Continue to liaise with Freedom’s other client authorities.</li> </ul>	Likelihood: Yellow Impact: Red Severity of Risk: Red
E	Users are displaced by the delayed opening of Friary Grange	<ul style="list-style-type: none"> <li>• Officers and Freedom Leisure will work with users to find temporary alternate venues</li> <li>• Formal announcement of re-opening date</li> </ul>	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
F	The Council’s overall financial position means that financial support to discretionary services such as leisure centres (including any new leisure centre) needs to be reduced or curtailed	<ul style="list-style-type: none"> <li>• Ongoing monitoring of the financial implications of the pandemic.</li> <li>• The MTFS update will provide scenarios of the Council’s overall financial position to inform decisions on financial support for leisure centres.</li> <li>• To continue to evaluate policy announcements and respond to consultations with the aim of influencing policy to address the needs of the Council.</li> </ul>	Likelihood: Yellow Impact: Red Severity of Risk: Red

Background documents
None

Relevant web links

None