

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 Freedom Leisure have continued to provide a credible Covid-safe leisure centre experience. However the evolving restrictions and lockdowns have made it difficult to establish a meaningful continuity of provision. The anticipated closure of leisure facilities until towards the end of February means that the peak trading months of January and February will be lost and that this presents a high risk that business performance for the remainder of 2021 will be dampened.
- 1.2 The essential works programme at Friary Grange has progressed well. The works were slightly ahead of schedule with a complete re-opening of the main activity spaces planned for 4 January – with further technical works continuing. The tier 4 restrictions announced on 30 December and lockdown on 4 January mean the facility has yet to re-open. At this stage it is anticipated that the essential works will continue and complete to schedule.

2. Recommendations

That Committee

- 2.1 Note the contents of the report.
- 2.2 Agree that leisure centre performance be a standing item for the committee for 2020/21 and 2021/22.

3. Background

Background

- 3.1 Following the mandated closure of all indoor leisure centres on 21 March 2020 to control the spread of Coronavirus, Burntwood Leisure Centre re-opened 25 July 2020; Friary Grange Leisure Centre on 24 October.
- 3.2 Leisure centre provision has remained in a near constant state of flux throughout 2020 and into 2021, including:
 - 21 March: first national lockdown
 - 25 July: re-opening permitted with social distancing restrictions
 - 31 October: Staffordshire moves into Tier 2 with further restrictions – notably group exercise cannot take place
 - 5 November: second national lockdown

- 3 December: re-opening permitted with previously heightened social distancing restrictions and Staffordshire placed into Tier 3 restrictions
- 31 December: Staffordshire moves into Tier 4 requiring leisure centres to close
- 4 January: third national lockdown – notionally until after February half-term

Covid Safe Operation

- 3.3 When permitted to operate, Freedom Leisure have continued to deliver a credible and robust Covid-safe operation.
- All activities are 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.
- 3.4 Customer feedback on the Covid-safe operations remains positive, praising the organisation, efficiency and sense of safety.

Friary Grange Essential Works

- 3.5 This committee received a Briefing Paper on 27 October 2020 describing progress on the essential works to keep Friary Grange safe, watertight and weatherproof for a period of up to 5 years. This included: repairing the roofs and ceilings where required, replacements and repairs to boilers, air conditioning units, radiators and services metering and works to the internal areas such as carpeting, decorative and general repairs to many areas affected by water condensation and damage.
- 3.6 Since October the swimming pool ceiling and roof has been repaired and covered, the squash court building stripped and re-tiled, soffits, fascias, guttering and downpipes repaired or replaced, the central heating repaired and radiators replaced; the building is now dry and weather proof. Areas that have dried out have been cleaned and redecorated and in places new carpet laid.
- 3.7 One of the key challenges the contractor faced was making repairs to the swimming pool ceiling and fixing the material cover. They needed to create a raised platform covering the entire swimming pool in order to work at ceiling height. Due to the age of the building nearly all fixings in the building had to be pre-drilled by specialist asbestos contractors before tradesmen could carry out simple tasks such as fixing radiator brackets to walls or removing paint flakes and surface preparation before certain areas could be decorated.
- 3.8 The contractor (Murray and Willis Ltd) has performed very well in difficult circumstances. They have followed the Government guidance on safe working practices, managed to keep the repair works on schedule, provided support to their staff and sub-contractors when workers have needed to be shielded. They have protected the delivery of the project by placing orders very early on and taking delivery of key items well ahead of need to ensure that products and materials have been available and not affected by potentially dwindling supply chains caused by Covid or Brexit.
- 3.9 As a result of continued disruption, a revised work programme was developed with officers, sequencing the work to optimise efficiency, and spread contract workers across the site to limit and minimise

crossover between contractors. The revised programme targeted customer facing elements to try and limit disruptions to customers once lockdowns came to an end.

- 3.10 By successfully adapting the work programme, a significant proportion of the Leisure Centre was handed back to the Council and Freedom Leisure on 18 December 2020. Facilities made available included the swimming pool, squash courts, spin room, rowing room, gym, dance studio and 2 mini fitness studios. This was far more than had been predicted and is a direct result of collectively adapting to the evolving situation. Freedom Leisure were preparing to welcome customers back to the facility on 4 January 2021, however moving to tier 4 and now a third national lockdown have prevented this.
- 3.11 Murray and Willis still have a number of challenges to resolve prior to the expected completion date of 5 March 2021. These include plant room work such as boiler pumps and valve replacements, repairs to the swimming pool's steel columns and site investigations for mains gas supply. The majority of this work is now likely to have minimal impact on customers because the works are due to take place during the current lockdown period. It is envisaged that customers will be able to use the entire leisure centre once the current national lockdown comes to an end, and the tier category for Staffordshire allows for re-opening.
- 3.12 It should be noted that the significant risk to project completion remains that of workforce availability as COVID 19 infections increase across England. At this stage the project remains on schedule and within budget.
- 3.13 Please see Appendix 1 for photos of facilities at Friary Grange Leisure Centre both before and after work.

Participation and Financial Implications

- 3.14 The usage of Burntwood Leisure Centre in August, September and October are presented in the tables below:

August

	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%

September

	Total Capacity available	Actual Participation	% Utilisation	September 2019 participation	September 2019 vs September 2020 (Visits)	September 2019 vs September 2020 (% change)
Swimming Casual	3,570	2,450	69%	4,173	-1,723	-41%
Fitness suite	5,572	2,580	46%	4,093	-1,513	-37%
Group Exercise	1,460	1,265	87%	2,965	-1,700	-57%

October

	Total Capacity available	Actual Participation	% Utilisation	October 2019 participation	October 2019 vs October 2020 (Visits)	October 2019 vs October 2020 (% change)
Swimming Casual	3,570	2,386	67%	4,419	-2,033	-46%
Fitness suite	5,572	2,244	40%	4,278	-2,034	-48%
Group Exercise	1,460	1,168	80%	3,851	-2,683	-70%

- 3.15 The sporadic and inconsistent re-opening of the leisure centres renders analysis of usage patterns from returning customers of very limited value.
- 3.16 An encouraging rebound to fitness and group exercise classes was noted when BLC reopened at the end of July 2020, this remained positive until exercises classes were effected by tier 2 restrictions, which prevented group indoor exercise classes taking place. BLC also had a positive return of their learn-to-swim programme when this was reintroduced in September, mitigating some of the previous drop in swimming participation.
- 3.17 As previously reported, Lichfield's leisure centres – managed by Freedom Leisure - were budgeted to cover all their operating costs from trading income in 2020/21, including delivering a modest surplus to the Council. The lockdowns and operating restrictions have either restricted or ceased income generation.
- 3.18 In 2020/21 Freedom were budgeted to make a net payment to the Council of £89,176. However in response to the Covid situation, an initial support package to Freedom Leisure totalling £407k was agreed, based on projections when centres re-opened following the first national lockdown. The subsequent restrictions and further lockdowns will almost certainly increase these costs, both in 2020/21 and 2021/22.
- 3.19 The loss of the months of January and February in 2021 will be particularly challenging; these are the months where leisure centres receive their peak membership joining – in some cases in excess of 40% of annual memberships.
- 3.20 Officers continue to work with Freedom Leisure to estimate the longer term effects of the lockdowns and restrictions and their financial implications. At this stage it is accepted that the impact on both participation and cost is likely to be more profound and sustained than previously anticipated.
- 3.21 Officers have submitted an application to the National Leisure Recovery Fund to help support the Covid-related additional costs of leisure centre provision. The support available from the fund is limited, only offering support for the period December 2020 to March 2021, despite leisure centres being impacted from March 2020. Officers have been advised that the outcome of the application should be known by the end of February.

Conclusion

- 3.22 Officers and colleagues from Freedom Leisure have worked effectively to deliver a credible Covid-safe operation. However the ongoing restrictions and lockdowns mean that it is difficult to draw any conclusions from usage patterns during the operating windows between lockdowns. Furthermore any progress to re-establish previous customer bases may well have been reset by the second and third national lockdowns.
- 3.23 Significant attention will be required to steer the service through the current restrictions and hopefully towards a sustained period of recovery. However it is anticipated that the service is still some way from

a “steady state”. On this basis it is proposed that the operation of the leisure centres become a standing item on the Leisure Parks and Waste Management (Overview and Scrutiny) Committee for 2020/21 and 2021/22.

Alternative Options	4.1 The uncertainty relating to the provision of leisure centres is such that, all options remain under consideration; a steady state for this service remains some way off.
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Consultation	Sport England, Max Associates, Winckworth Sherwood, Staffordshire local authorities.
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Financial Implications The financial impact of the changes to the leisure centre operation in response to Covid restrictions is constantly changing. The most recent estimated implications reported to MHCLG are presented below.

Details	November	Leisure Centres Element
Support for Leisure Partner	£407,700	£407,700
Housing and Homelessness Support	£80,580	£0
Additional Hardship / Discretionary Housing Payments	£0	£0
Additional costs of Waste Collection	£166,810	£0
ICT Support Costs for Remote Working	£109,890	£0
Additional Personal Protective Equipment (PPE), Building Cleaning and Other Costs	£31,560	£0
Bank Charges for Grant Processing	£2,990	£0
Transport for food deliveries	£12,030	£0
Project costs	£29,720	£0
Other costs	£60,700	£0
Total additional Costs	£901,980	£407,700
Reduced commercial rents, Investment Income and other Contributions	£206,150	£0
Reduced Sales, Fees and Charges	£1,707,380	£97,990
Total excluding What if Scenarios	£2,815,510	£505,690

What if scenarios:	November	Leisure Centres Element
Projected reductions in Council Tax (LDC & Parishes 13%) are included (will impact in later years)	£192,900	£0
Projected reductions in Business Rates (LDC 40%) are included (will impact in later years)	£738,000	£0
Hardship / Housing Payments extend for 12 months	£226,000	£0
Support for the Leisure Partner extends for 12 months	£643,550	£643,550
Total of all What if scenarios	£1,800,450	£643,550
Total including What if Scenarios	£4,615,960	£1,149,240
Government Support in 2020/21 + Earmarked Reserve	(£1,301,160)	(£691,640)
Income Guarantee Estimate	(£675,000)	(£70,000)

Total potential financial impact	£2,639,800	£387,600
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Impact in 2020/21	£1,708,900	£387,600
Impact in later years	£930,900	£0

	<p>Note:</p> <ul style="list-style-type: none"> • Reduced sales, fees and charges relates to the Freedom contract amount plus inflation. • Government Support is an apportioned figure based on the leisure centres share of grant income received to offset additional costs and reduced commercial rents, investment income and other contributions. • Income Guarantee relates to the Freedom contract amount plus inflation.
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Contribution to the Delivery of the Strategic Plan	<p>Sustainable leisure centre provision in support of active lifestyles contributes to:</p> <ol style="list-style-type: none"> Enabling people – to live healthy and active lives. Developing prosperity – to enhance the district for visitors A good council that – is financially sound, transparent and accountable.
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Equality, Diversity and Human Rights Implications	<p>There are no equality, diversity and human right implications associated with the actions taken thus far.</p>
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Crime & Safety Issues	<p>The service changes required by national restrictions are not understood to have had an impact on any crime and safety issues.</p>
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Environmental Impact	<p>During the periods of lockdown, efforts have been made to effectively mothball the unused facilities to limit energy consumption.</p>
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GDPR/Privacy Impact Assessment	<p>Not required.</p>
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Reduction in income beyond the level projected	<ul style="list-style-type: none"> • Monthly review meetings • Potential to consider other options 	<p>Likelihood: Red Impact: Yellow Severity of Risk: Yellow</p>
B	Permanent reduction in demand	<ul style="list-style-type: none"> • Maintain liaison with Sport England • Adapt service to respond to new customer requirements 	<p>Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow</p>
C	Further period of Covid-related lockdown	<ul style="list-style-type: none"> • Focus on Covid-safe operation. 	<p>Likelihood: Yellow Impact: Red Severity of Risk: Yellow</p>
D	Freedom Leisure cease to trade	<ul style="list-style-type: none"> • Maintain close relationship with Freedom Leisure – visibility of their cash-flow. • Continue to liaise with Freedom’s other client authorities. 	<p>Likelihood: Yellow Impact: Red Severity of Risk: Red</p>
E	Users are displaced by the delayed opening of Friary Grange	<ul style="list-style-type: none"> • Officers and Freedom Leisure will work with users to find temporary alternate venues • Formal announcement of re-opening date 	<p>Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow</p>
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"> • Ongoing monitoring of the financial implications of the pandemic. • The MTFS update will provide scenarios of the Council’s overall financial position to inform 	<p>Likelihood: Yellow Impact: Red Severity of Risk: Red</p>

decisions on financial support for leisure centres.

- To continue to evaluate policy announcements and respond to consultations with the aim of influencing policy to address the needs of the Council.

Background documents

None

Relevant web links

None