

## Agenda for Cabinet Wednesday, 11th November, 2020, 6.00 pm

### Members of Cabinet

Councillors M Armstrong, P Arnott (Chair), P Hayward (Vice-Chair), J Bailey, G Jung, D Ledger, M Rixson, J Rowland, J Loudoun and S Jackson

**Venue:** Online via the Zoom app.

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(or group number 01395 517546)

Monday, 9 November 2020



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1 Public speaking

Information on [public speaking is available online](#)

2 Apologies

3 Declarations of interest

Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)

4 Matters of urgency

There is one urgent item relating to additional LED financial support as a result of the Covid-19 pandemic which is to be dealt with at item 6.

5 Confidential/exempt item(s)

To agree any items to be dealt with after the public (including the Press) have been excluded. There are no items which officers recommend should be dealt with in this way.

### **Matters for Decision**

- 6 Additional LED financial support as a result of the Covid-19 pandemic and proposals for a new LED Monitoring Committee arrangement (Pages 3 - 12)**

LED has been severely impacted by the Covid-19 pandemic with interruptions to business and as a consequence a significant fall in income. The leisure industry has suffered due to enforced closure of premises under government restrictions and the complexities of reintroducing Covid-19 secure facilities and activities.

### [Decision making and equalities](#)

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Report to: Cabinet

Date of Meeting 11 November 2020

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## **Additional LED financial support as a result of the Covid-19 pandemic and proposals for a new LED Monitoring Committee arrangement.**

### **Report summary:**

LED has been severely impacted by the Covid-19 pandemic with interruptions to business and as a consequence a significant fall in income. The leisure industry has suffered due to enforced closure of premises under government restrictions and the complexities of reintroducing Covid19 secure facilities and activities.

### **Recommendation:**

The Cabinet recommend to Council:

1. That the Council pays an additional subsidy to LED of £732,275 to reimburse their actual net losses incurred to September 2020 resulting from Covid-19 and that from October 2020 a monthly review and payment is then made until 31 March 2021 to cover further net losses incurred. Cumulatively the total of any additional subsidy payment in the current financial year shall not exceed £1,339,000. This approach follows LGA guidance. Additional subsidy is being paid to ensure the continued operation of LED enabling the continuation of Leisure facilities in the District. Details of individual site/facility costs to be considered by the LED Monitoring Forum to determine if changes to service provision should be introduced to reduce this sum with recommendations back to Cabinet and Council.
2. That the arrangements for the provision of revenue support funding is as detailed in paragraph 2.14 and that delegated authority is given to the Strategic Lead (Housing, Health and Environment) in consultation with the Portfolio Holder – Coast, Country & Environment and Strategic Lead (Governance and Licensing) to ensure appropriate documentation is put in place to formalise arrangements as detailed in paragraph 2.15.
3. That the Council and LED make a bid to Government for funding announced of £100m to support leisure centres to offset the sum being requested of the Council from LED. If the bid proves not to cover the full costs then the Council with LED continues to lobby government for financial assistance to support our leisure provider to maintain essential health & wellbeing activities to assist them through the loss of income caused by an enforced lockdown for public health reasons.
4. Cabinet agrees that subject to the Council obtaining agreement from LED to the proposals, including EDDC ceasing to have any representatives on the LED Board, that the LED Monitoring Forum be established for the purposes set out in the report and the on basis of the membership detailed in paragraph 3.6 and that delegated authority be given to the Monitoring Officer to agree the 4 non-administration members with relevant Group Leaders.

## **Reason for recommendation:**

To ensure that LED remain a viable leisure provider and are able to manage the financial impacts of the pandemic, continuing to provide leisure activities and contributing towards the health & wellbeing ambitions of the Council

Officer: Charlie Plowden, Service Lead – Countryside & Leisure ([cplowden@eastdevon.gov.uk](mailto:cplowden@eastdevon.gov.uk))

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Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

## **Financial implications:**

The Financial details are contained within the report. The recommendation is to support a payment to LED now of £732,275 with a monthly payment going forward to meet additional net losses as evidenced by LED up to a cap of £1,339,000 in the current year. A sum of £1.276m has been included in previous financial reports to members highlighting this possible cost (subject to Council approval) and included within the in year Council deficit as a result of covid-19; Members have agreed a course of action to fund this overall deficit position of the Council. The financial position of LED is outlined in the report including their incurred costs to date and future projected losses as result of Covid-19. If the Council decide not to financial supported LED then their reserves are projected to fall to £14k by the end of November, a position which would not be sustainable, the LED Board of Trustees, in terms of its legal responsibilities to managing a “Going Concern”, would have no option other than to instigate the receivership process

## **Legal implications:**

The letter to LED reflected the Council’s existing position of supporting LED and reserved commitment to a future decision of the Council. LED acknowledged this in their accounts. This report with the onward recommendations to Council, if agreed, will be the formal confirmation of the support indicated in the letter. In terms of the establishment of the Monitoring Forum together with resigning our appointments to the Board, this needs discussion and agreement with LED due to our contractual position with them. It is important that appropriate documentation is put in place to ensure clarity and certainty for both parties and that public funds are protected as far as possible, which forms part of the recommendation. Otherwise what is recommended is within the power of the authority and there are no other implications requiring comment.

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** High Risk; The impacts of COVID-19 have been considerable on the leisure industry with the enforced closure of facilities during the lockdown period. The recovery of LED as East Devon DC’s leisure provider is therefore uncertain going forward due to continued restrictions in place to ensure all sites are CVOID compliant. The uncertainty therefore remains over cash flow as sites reopen, membership numbers following lockdown and if there is a further lockdown due to a second spike of the virus. The risks are therefore significant to the viability of LED without the financial support and reassurance of East Devon DC.

## **Links to background information**

[EDDC letter of support](#)

[EDDC actual and forecasts of accounts to March 2021](#)

[LED consolidated accounts signed 2019](#)

## **Link to Council Plan:**

Priorities (check which apply)

- Outstanding Place and Environment
  - Outstanding Homes and Communities
  - Outstanding Economic Growth, Productivity, and Prosperity
  - Outstanding Council and Council Services
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## **Report in full**

### **1. The financial impact of the Covid-19 pandemic**

#### **1.1 .LED have kept us informed of their actions during 'lockdown':**

- The vast majority of LED staff were furloughed from the 1 April (having already been paid for March) and a small team of retained staff ensuring that the facilities have remained safe, secure and operating at a minimal cost.
- Some maintenance works have also been undertaken by the Council during this period.
- Whilst the Government's Corona Virus Job Retention Scheme (CVJRS or 'furlough scheme') has picked up the 80% of salary cost of the furloughed staff (LED could not afford to top up to 100%), LED has met all other costs whilst receiving very little income.
- The only income that the Trust has received since closure of facilities has been from a number of members, about 10% of the membership base, who have agreed to continue to pay their fees during the closure period.
- LED have also received some business grant funding for their lower rated properties.
- The advice received from Community Leisure UK and Sport England was that this government enforced closure represents an effective Change in Law in contractual terms.
- Government's instruction to close leisure facilities results in an effective change of law in contractual terms, with the resulting liabilities falling to the Client. It is expected that Trusts and Operators would operate on an open book basis and seek to mitigate costs.
- It was LED's opinion that due to the Change in Law the approach suggested by Sport England and the LGA be adopted, with particular reference to:
  - *Supporting the net subsidy position utilising the Open Book approach recommended in the current PPN 02/20 run from service closure on 20 March to the date at which 'full normal service and income levels have been achieved' to ensure fairness and transparency. Leisure providers will be under an obligation to mitigate costs as much as possible.*
  - *Holding regular review meetings with the operator to monitor and manage the joint response to the crisis.*

As mentioned above, all facilities were closed throughout April, May, June and July. There was a delay in July for reopening due to concerns about a spike in the spread of COVID-19.

#### **1.2 There is a consensus within leisure operators that revenues will range from 40% to 80% of previous levels over the coming months, with most operators forecasting that this reduction will last until December 2021, and that revenues may not reach pre-COVID levels for the foreseeable future. This would appear to have been borne out in China and the Nordic**

countries where facilities have reopening with just 30%-40% of previous revenue, although gyms are gaining revenue monthly. Activities such as spinning, and group exercise classes cannot grow beyond 30% due to social distancing constraints within studios

- 1.3 In line with other operators in the leisure trusts and public sector, LED has therefore modelled financial forecasts against a 40%, 60% and 80% revenue basis, along with expenditure reductions where possible.
- 1.4 LED was surviving on a relatively small annual surplus following significant growth in costs, particularly the National Living Wage. The effect of the COVID pandemic and the resulting Guidelines has and will continue to result in significant losses to LED for the current financial period unless action is taken.
- 1.5 An urgent request was made by LED in order to provide reassurance to their Board and Auditors that LED were a going concern for their Accounts sign off. A letter of reassurance was provided based on an amended template provided by the Auditor, however it was clear that any financial commitment was a Council decision which had yet to be considered. The letter sent on the 1 July 2020 by Officers to LED and is attached to the report. The Chief Executive in an email exchange (dated 08/10/2020) with the Council's Leader explained the decision to send the letter as "*the relevant contextual background is that the Council are in a long term legal relationship with LED and there is a corresponding mutual requirement to act in good faith. Officers would always bring to Cabinet any decision that involved a change to the budget in terms of any increased expenditure*".
- 1.6 Officers then reported to Cabinet on 21 July 2020 in the Finance Report the following: '*Added to our estimated costs since the initial assessment is the implication of supporting LED's additional losses through the effect of Covid-19. Initial details have been proved and discussions taken place but further work is required and an understanding of the national picture on any likely funding of leisure trusts by Government. At this stage a prudent figure of £1.276m has been included in our projected financial position to ensure a full picture is included for members to be aware of*'.
- 1.7 A financial briefing session was held with Cabinet prior to this report on 22 June 2020 highlighting the above position and to assess Cabinet's view of supporting the opening of leisure facilities after lockdown as there would be financial implications. Cabinet supported the view and costs of opening the swimming pools as requested by LED
- 1.8 The above is referenced in the letter which also made clear the Council would consider the funding of LED in September/October 2020.
- 1.9 The Chief Executive also stated in his email to the Leader dated 08/10/2020 that: "*from a technical perspective the letter was required to reference support for the net subsidy position to enable the auditors to be satisfied of a 'going concern' but Officers included the phrase "having agreed the services to be provided on behalf of the Council" so as to secure the option that Council could decide not to support LED beyond the normal subsidy payment (albeit this could result in the potential closure of a number of facilities)*."
- 1.10 This was reported within LED Leisure Management Limited's Annual Report and Financial Statements, year ended 31 December 2019 (the document is in the background link) and there are two important sections within this document. Firstly page 18 regarding the Independent Auditors report to Members of LED Leisure Management Limited and secondly from pages 26 & 27 which is copied here

*"Given the impact that lockdown has already had on lost income, and the reality that income is unlikely to return to pre Covid 19 levels in the short to medium term, as well as*

*the impact of phasing out of Government support through the CJRS, the Group has sought to obtain additional funding from East Devon District Council and South Somerset District Council. Without such additional financial support, the Group would not be able to continue its core activities in their current form, and this would cast significant doubt on the Group's ability to continue as a going concern.*

*LED Leisure Management has received a letter of support from East Devon District Council (EDDC) dated 1 July 2020 which states that EDDC 'is committed to ensuring the continued provision of leisure and other activities through both LED Leisure Management Limited and LED Enterprises Limited for the foreseeable future.*

*EDDC also confirmed it 'will not seek repayment of amounts due from the entities in preference to third party creditors, and will work with LED Leisure Management to agree cost mitigation to enable the Council to fund the company as is necessary to enable the entities to continue trading as going concerns for a period of at least 12 months from the date of this letter'.*

*EDDC also stated in the letter it 'will support the net subsidy position' ..'to the date at which 'full normal service and income levels have been achieved', and that 'We confirm that the implications of funding this position has been incorporated into the Council's own spending plans and discussed with the Council's Cabinet as part of the Council's overall financial response to Covid-19.*

*'The Council has also offered to support the cash flow position of LED by offering to make the quarterly SLA payment up front for the year.'*

*Whilst the Board has no reason to conclude that the support offered in the letter date 1 July 2020 will not be forthcoming, the recommendations on funding LED are yet to be considered and approved formally by EDDC as part of an emergency budget in September/October 2020.*

*Discussions have also taken place with South Somerset District Council, who also remain supportive, and they have provided a letter of support which confirms that they intend to fund losses incurred on their contracts on a monthly basis in arrears, up to an initial funding cap of £431,000.*

*Although the Group had a healthy cash position as at year end of £1.458m, lockdown from March 2020 forced the closure of all sites and the majority of staff were placed on furlough, taking advantage of the Corona Virus Job Retention Scheme (CJRS). However essential maintenance costs and rent of premises continued to be incurred during this period. We note that the cash position, with the support mentioned above from the two local authorities, is due to stabilise and improve during the next financial year.*

*Taking into account all of the above, the Board have concluded that it is appropriate to prepare the financial statements on a going concern basis. Should the funding promised above not be approved formally by EDDC in September/October 2020, this would cast significant doubt on the ability of the parent charity LED Leisure Management Limited to continue to support the company as a going concern, and the financial statements would need to be prepared on a break up basis, with assets reduced down to 'fire sale' values and additional liabilities provided for.*

- 1.11 This report has attempted to provide an accurate and transparent chronological sequencing of the decisions made by Officers and their reporting to Cabinet since the lockdown was put

in place and discussions that were started to try and ensure that the impacts of COVID19 did not materially impact upon the income and therefore financial viability of LED.

## 2 Current position

- 2.1 LED have provided details of their financial position showing actual performance from April 2020 to September 2020 giving an additional net loss for this period of £732,275. Projections going forward based on 60% of budgeted revenue (income) give a net loss for the full year to 31 March 2021 of £1,338,817.
- 2.2 This is clearly not a viable situation for LED under any of the scenarios, and is compounded by a similar, proportionate, situation with their South Somerset contracts, where they are having a similar discussion with the Council. The above figures include the current subsidy received from the Council include the Exmouth Pavilion;
- 2.3 In order to ensure LED's immediate survival and avoid a potential insolvency crisis, it is proposed that the Council provides financial support for LED's net loss from April to September 2021 which is £732,275 details of losses per site is attached to the report.
- 2.4 Also it is proposed going forward from October 2020 that the following approach is adopted whereby the Council agrees to support LED on a month-by-month basis, as recommended by the LGA, in an identical fashion to the arrangements LED have with South Somerset DC in managing their leisure centres. The approach as set out below is proposed going forward:
  - *That EDDC support the net subsidy position utilising the Open Book approach recommended in the current PPN 02/20 run from service closure from the 1<sup>st</sup> April 2020 to the date at which 'full normal service and income levels have been achieved';*
  - *To ensure fairness and transparency, LED Leisure Management Ltd will be under an obligation to mitigate costs as much as possible;*
  - *EDDC will hold regular review meetings with LED to monitor and manage the joint response to the crisis [on an open book basis]*
- 2.5 The above approach to be followed until the end of the Council's next financial year, namely 31 March 2021. Additional support maybe required in the Council's financial 2021/22 but further details will be required for Cabinet to agree any further support beyond the current financial year.
- 2.6 LED is also considering and implementing a number of ways to mitigate costs after reopening, particularly in the short-term whilst the COVID-19 Safety Guidelines are in place that should help move the outcome more towards the 'best case' scenario; LED's COVID-19 Business Plan is enclosed.
- 2.7 The furlough scheme has picked up the vast majority of staff costs during the closure period, but many overheads and constant costs remained.
- 2.8 LED received income from about 10% of their membership base throughout the closure, who agreed to continue to pay their fees to support the Trust. However, this was in response to plea that also promised a reciprocal payment holiday in January – March 2021.
- 2.9 To date LED are reliant on members who have opted back in, about 20-30% of their usual income for July, as they reactivated throughout the month, and the pools were shut. With

the pools now open in East Devon and from the 1 September in South Somerset, LED are proactively reactivating all memberships from the latter date.

- 2.10 If shielding, quarantined or at risk (or for other reasonable excuses) some members will be allowed to continue to be suspended, although some will inevitably cancel. Feedback from other trusts a few weeks ahead is that LED should expect to get back to 40-60% of their membership base and revenue in September, and hopefully 60-80% by the end of October, obviously subject to the recovery rate and without further government restrictions or local lockdowns.
- 2.11 Due to the above, it will be the October position that will start to provide a clearer picture. In the meantime, LED are doing all they can to boost membership and casual income (the latter very limited due to current restrictions) and reduce costs. LED have made a few senior management and operational staff redundant and others are currently going through redundancy consultations.
- 2.12 All casual staff have been 'laid off' onto zero hours contracts so that they come out of the furlough scheme from the 1 August; they have just received their last payment (for July).
- 2.13 It is highly unlikely that a combined surplus from the facilities will be achieved, but if this were to be the case, LED would propose that this be returned to the Council to offset the additional subsidy provided, the priority being to ensure that losses are underwritten.
- 2.14 LED would see the above working as follows:
  - I. LED will submit an invoice for any net loss sustained by the Trust on a quarterly basis, within 30 days of the quarter end, to be paid within 10 working days (in addition to the contractual quarterly invoice)
  - II. A balancing invoice or credit note will be issued within 90 working days of the 31<sup>st</sup> December 2020, 2021 and 2022 to cover the 12-month periods up to these dates
  - III. Should any further balancing invoice or credit note be required following LED's 2020, 2021 and 2022 audits, this will be issued within 30 days.
- 2.15 East Devon will require for this arrangement to be properly transparent and auditable for our own purposes and that appropriate documentation be put in place to include provision for repayment of monies in the event that the Government provide lost funding direct to LED or revenue exceeds predicted levels made by LED in its financial modelling work within this report or where the funds are not used for service provision. Any agreement should include a condition that LED undertake and evidence to the Council that there is appropriate contingency planning in relation to service provision and cost mitigation.
- 2.16 The Government have announced on 12 October that £100m will be set aside to support leisure centres, the funding to be managed by the Department for Culture, Media and Sport (DCMS) and subject to a bidding process. It appears the Council with LED will be eligible to bid and further details of the DCMS scheme will be announced "shortly".
- 2.17 This report recommends a supplementary estimate is approved to cover the predicted losses for the year (£1,339,000) as this stage with actual payments to LED to be governed by the process explained. It is also recommended in this report (details below) that a new governance structure is put in place through a LED Monitoring Forum and it is envisaged (if agreed) that the Forum meet urgently to scrutinise individual site/facility costs and determine if mitigating recommendations should be made to Cabinet/Council which could reduce the predicted loss possible through some temporary site or service reductions.

### **3 Revised EDDC/LED governance arrangements**

- 3.1 LED Leisure Management Limited is a registered charitable trust, officially a Community Benefit Society regulated by the FCA. It was created to operate the outsourced leisure functions of the Council. It is a separate legal entity from East Devon District Council and the property it uses and services it provides and funding it receives in that regard is subject to a legal agreement entered into in 2005
- 3.2 The Council is able to appoint two Councillors to act as trustees on the Board of LED. Outside of this, it is the contractual position between East Devon and LED that governs the relationship. The contract with LED states;
- 2.3 *The parties agree to work collaboratively and openly and develop effective means of joint working and communication. The parties further agree to act in good faith towards each other and seek to find workable solutions to issues that may arise in relation to this Agreement and / or the delivery of Services.*
- 3.3 More specifically the contract requires (clause 21) that on a quarterly basis LED meet with the Council Officer and any representative from the Council as appropriate '*to review the current performance of the Trust*'. Additional meetings can be called to deal with urgent matters. It further requires attendance at as a minimum one annual meeting with the Council to present '*an end of year report of the Trust and details of future service development proposals.*'
- 3.4 There have been regular quarterly monitoring meetings with LED involving a limited number of members (including the appointed trustees), relevant officers and LED.
- 3.5 As will be appreciated there is limited opportunity contractually for members to compel LED to engage in new governance arrangements. However, they are contractually obliged to work collaboratively and develop effective means of joint working and communication. It is therefore clearly open for the Council to work with LED towards setting up alternative working arrangements. It is understood that LED are receptive to such possibility.
- 3.6 Taking the existing arrangements it is recommended that Cabinet establish the LED Monitoring Forum which would comprise 10 members – the Leader, Portfolio Holders for (i) Finance (ii) Coast, Country and Environment (iii) Economy and Assets and (iv) Sustainable Homes and Communities, EDDC Champion for Sports and four members who are not part of the administration to '*review the current performance of the Trust*' as per existing arrangements. While it would review ongoing performance in terms of Service Delivery, it would also take on responsibility for dealing with service fee requests and business plans and making recommendations to Cabinet in that regard. It would be supported by key officers (it is suggested that this would be the Chief Executive, Strategic Leads for Finance and Housing, Health and Environment and the Service Lead for Countryside, with others asked when appropriate). While meetings with LED are currently quarterly extra meetings could occur where reasonable required to deal with urgent matters. Accordingly, the Forum could meet monthly with LED being requested to attend. This could be the position more long term too. This would need LED's agreement, failing which, and leaving aside issues of needing meetings to deal with urgent issues, the expectation would be that LED meet with the Forum on a quarterly basis.
- 3.7 The Forum would meet in public with the option to go into private should the need arise due to discuss, for example, confidential matters. Minutes from the meetings would be reported back to the Cabinet after each meeting. As it would be a body established under the Constitution, all members would be able to attend. Council would appoint the 4 non-administration members at Annual Council but for the initial set up it is suggested that

delegated authority be given to the Monitoring Officer to work with the relevant Group Leaders to agree the membership. The Forum will be involved in development of future Service level Agreements and consideration of future service offers and shall be entitled to request external support to inform decision making.

- 3.8 It is considered that the above is not significantly different from current arrangements to the extent that it should cause LED any problems. The only real difference is an increased member presence in terms of the decision making aspect and that the wider membership can attend. Given LED's expressed willingness to work with the Council this should be a relatively straight forward exercise.
- 3.9 Finally, and returning to the issue of trustee appointments, the Council's two representatives have recently resigned. It is further understood that LED are looking to alter their arrangements so that the Council only has one representative on the Board. In light of current circumstances and member views, the Council could take the decision to agree to not having any representatives on the Board and rather manage the relationship through the LED Monitoring Forum suggested above.
- 3.10 If the principle is agreed it is suggested that the decision is taken to progress this approach subject to obtaining the agreement of LED to the arrangements.

#### **4. Conclusions**

- 4.1 As mentioned the forecast losses from the implications of Covid are not viable for LED. If the Council is unable to agree to subsidise these losses LED would have to consider its options, in discussion with Board.
- 4.2 One would be the likely closing of the facilities, particularly the swimming pools and some facilities may need to be re-purposed in any case, such as sports halls.
- 4.3 EDDC and LED are already in discussions to review the opening hours of the dual use school sites in the short term, something that both parties should also consider as a potential long-term option.
- 4.4 The ultimate conclusion that LED may have to reach, if no agreement can be reached, would be that those facility management Contracts that are unviable should be terminated and the facilities and staff returned to the Council. However, the Trust would very much wish to avoid this outcome given the excellent relationship that has existed to date, and the potentially large breakage and operating costs to the Council that would result, which would certainly be much higher than any subsidy required.
- 4.5 With the reopening of all LED's facilities now in place or planned (Exmouth Pavilion the current exception) it is vital that we reach an agreement on the above as soon as possible.
- 4.6 Clearly EDDC wants to be supporting our leisure provider to enable them to maintain their facilities and events programmes, which contribute towards our shared health & wellbeing objectives. This unprecedented public health crisis interrupted LED's activities because the risk of spread of infection is high in indoor facilities. Officers have provided assurance to LED that we would use our best endeavours, subject to Council approval, to ensure that their budget deficit is met.
- 4.7 The Chief Executive with others has actively lobbied government to recognise this financial loss affecting 'outsourced' leisure services as well as those maintained by local authorities. A letter regarding Leisure Provision in the SW was sent to the Minister for Sport, Tourism and

Heritage for SW Leaders as well as a further letter sent to the Minister for Local Government, Minister for Health and the Chief Secretary to the Treasury.

- 4.8 The LGA have launched a social media campaign to raise awareness about the need for urgent funding to support leisure providers, many of which are on the brink of collapse. Leisure facilities that are operated directly within Councils will be able to claim back 75% of their lost income (after the first 5% off the loss has been deducted) from the Government Income reimbursement scheme. This facility is not available to the many authorities who provide their services through a third parties including many Trusts. This is a current anomaly that does need to be addressed but currently remains.
- 4.9 Many Councils are having to underwrite their leisure providers to keep them afloat but this is not a long term solution, if providers collapse Councils will have to take these services back in house without necessarily having the expertise under challenging circumstances and financial insecurity, the loss of affordable leisure services will also have a huge impact on local communities particularly for those who from deprived communities, which will lead to a widening of health inequalities.
- 4.10 The LGA have also written to the Minister twice on this issue (see link below for latest letter), but are yet to have a response. This campaign is a really important lobbying opportunity for our member Councils to highlight the issues they are facing in their areas to Government and to demonstrate the scale of this national problem.
- 4.11 For budgeting purposes it is suggested that we need **to identify £1,339,000** in the current financial year to support LED's lost income from April to March 2021 to ensure that they remain in the short term a viable organisation that can continue to operate their sites. If the situation becomes worse then a further update report will be brought back to Cabinet via the new LED Monitoring Committee detailing the options and requirements. In the meantime all attempts will continue by Cabinet and Officers to recover LED's lost income from Government, or if a payment is received direct to LED then our funding arrangements will allow us to recover any sums we have paid.