

Corporate and Resources Committee

13 July 2021

Leisure services contract update

Report by Sarah Ireland, Executive Director of Corporate and Communities

Relevant Portfolio Holders: Councillor John Sweeney, Portfolio Holder for Business and Leisure and Councillor Andreas Kirsch, Portfolio Holder for Finance and Commissioning

Purpose of Report

To update the Committee on the Covid recovery plan for the leisure services provision delivered by the Council's contractor Places Leisure, to seek agreement for a package of support for 21/22, and to agree the commercial settlement that has been reached between the parties in respect of the Kingfisher facility.

Recommendation(s)

The Committee is asked to RESOLVE that:

1. the final outturn position in respect of the package of financial support and contractual relief to the Council's Leisure Services Operator for 2020/21, the details of which are set out in the **Exempt Annex**, be noted;
2. provision of a package of financial support and contractual relief to the Council's Leisure Services Operator for 2021/22, the details of which are set out in the **Exempt Annex**, be approved;
3. the commercial settlement agreed between the parties in respect of the removal of the Kingfisher Leisure Centre from the contract, the details of which are set out in the **Exempt Annex**, be approved;
4. authority to finalise the detail and contractual mechanism in respect of the above matters is delegated to the Executive Director of Corporate and Communities, in consultation with the Portfolio Holder for Business and Leisure and the Portfolio Holder for Finance and Commissioning, subject to the final position remaining within the financial envelope and risk profile set out in the **Exempt Annex**.

Benefits to the Community:

Through provision of leisure services, the Council ensures there are opportunities for local residents to engage in sport and physical activity to improve health and wellbeing, enable social inclusion and reduce inequality. As a result of the Covid-19 pandemic, the leisure sector has faced a national crisis. Ongoing support from the Council is essential to ensure that these vital leisure services can operate safely whilst the sector recovers.

Key Points

- A. In July 2020, the Response and Recovery Committee received a report recommending a package of support for 2020/21 to enable the borough's leisure centres managed by Places Leisure to reopen in line with national regulation, Covid-secure requirements and sector best practice. This was based upon an assumption that there would be a phased recovery over the remaining year, during which the centres would be able to return to normal operations.
- B. Over the subsequent months, there were further periods of lockdown during which leisure centres were mandated to close. Accordingly, the recovery has had to restart on multiple occasions and the recovery has not taken the intended trajectory. Services continue to operate with restrictions in place to limit occupancy to ensure the safety of users and staff.
- C. Over the past year the Council has been in ongoing discussions with its leisure provider Places Leisure to ensure that it is able to operate effectively within these changing and uncertain circumstances, that it can open facilities swiftly when restrictions have been lifted, and that it is able to ensure the safe operation of the services when able to do so. This report updates on the position for the wider leisure sector and the challenges that continue to face the industry in light of the continued uncertainty and complex operating context. The report also provides an update on the 20/21 outturn compared to the package of financial support that the Response and Recovery Committee approved in July 2020.
- D. Given the delayed recovery period, the Council is recommending a further package of financial support and contractual relief to its leisure provider for 21/22 in order to ensure the ongoing viability of the borough's valued leisure centres. Although negotiations as to the major issues have concluded, discussions as to the final terms are ongoing and it would therefore be prejudicial for the details of the Council's proposed package to be in the public domain until all matters have been settled with Places Leisure. For this reason the detail of the proposed package is provided in an **Exempt Annex**.
- E. Finally, the Council has concluded negotiations with Places Leisure regarding the closure of the Kingfisher leisure centre and the Council's contractual obligations in respect of the removal of the facility from the contract. Again, although negotiations as to the major issues have concluded, discussions as to the final terms are ongoing and it would therefore be prejudicial for the details of the Council's proposed package to be in the public domain until all matters have been settled with Places Leisure. For this reason the detail of the proposed package is provided in an **Exempt Annex**.

Context

1. As outlined in the July 2020 report, the majority of the Council's leisure services are delivered by Places Leisure (PL) under a 15 year contract awarded in 2006 which, in 2017, was further extended to 2026 through a permitted five year extension. The total value of the contract is approximately £64m. The contract covers the management and operation of four leisure centres in the borough:
 - a. Kingfisher Leisure Centre
 - b. Malden Leisure Centre
 - c. Tolworth Recreation Centre

- d. Weir Archer Athletics and Fitness Centre
2. Other leisure facilities in the borough, including Chessington Sports Centre and the Albany Outdoors adventure and water activity centre are operated separately, by the Council and Achieving for Children respectively. Those facilities are not affected by the recommendations set out in this report.
3. The contract with PL is a traditional services model, whereby, historically, the Council paid an annual management fee and maintenance costs. Having renegotiated the commercial terms as part of the extension, the fees have significantly reduced over the past four years. From 2021/22, the management fee has been removed and the maintenance costs are £205k. The contract operates on a principle of open book accounting.

Impact of Covid-19 on leisure sector

4. The impact of Covid-19 on the leisure sector has been significant over the past 15 months. On 20 March 2020 all leisure centres across the country were directed to close by the Government as part of the national lockdown. In the subsequent months restrictions were relaxed and the facilities were able to reopen in a phased approach.
5. On 23 June 2020, the Government announced that outdoor sports could resume from 4 July, including reopening of athletics tracks, at the discretion of the facility, subject to adherence to guidance on social distancing and operational guidelines. Outdoor gyms were also able to reopen. On 9 July the Government announced plans allowing leisure centres to reopen from 25 July 2020 with indoor swimming pools also able to open. This was subject to considerable adjustments being in place in order to facilitate social distancing and safe practices. Concurrently, a local lockdown system was introduced which restricted leisure activities in affected parts of the country. This did not affect London and, having introduced Covid-secure restrictions and undertaken appropriate training for staff, the track at the Weir Archer Athletics and Fitness Centre reopened on 17 August 2020 and the indoor leisure provision at the three centres reopened on 24 August 2020 with significantly reduced capacity.
6. In October 2020, the three tier system was introduced in England to replace the local lockdown approach. Leisure facilities remained open in Kingston until they were required to close during a further four week national lockdown, commencing on 5 November 2020 and concluding on 2 December 2020 at which point the facilities reopened.
7. On 19 December 2020, London and the South East was placed in a new Tier 4 with effect from 20 December 2020 and, having been reopened for a short period, the leisure facilities were required to immediately close. This closure was then extended by way of the third national lockdown from 6 January 2021.
8. From 29 March 2021 there was a partial restart of outdoor sport, with 5 athletic clubs able to return to Weir Archer Athletics and Fitness Centre under restricted measures. The 3G Pitches re-opened which saw the return of 21 Block bookers at Weir Archer Athletics and Fitness Centre, 4 Football clubs for the 11-a-side Pitch, and 24 Block bookers at the 3G pitches at Tolworth Recreation Centre. Leisure centres and gyms were part of the Step Two reopening under the Government's

roadmap. They were permitted to re-open on 12 April 2021 for individual socially distanced use with indoor adult group sports and exercise classes permitted to resume from 17 May 2021. Social distancing and other safety restrictions remain in place in line with Government guidance which continue to limit capacity and usage.

Challenges for the leisure sector

9. As set out in the report of 30 July 2020, the Covid-19 pandemic has led to a national crisis in the leisure sector. Since that initial report, the crisis has deepened as further lockdown measures have extended the recovery period and have had significant consequences not only for the economic viability of the sector but also the health and wellbeing outcomes that it supports.
10. The Sport England Active Lives survey – Coronavirus Report found that “the pandemic led to unprecedented decreases in activity levels during the initial restrictions” with 710,000 fewer taking part in the recommended 150 minutes of moderate intensity physical activity a week, a reduction of 1.9% and 1.2m more inactive adults who take part in less than an average of 30 minutes a week. This has taken the total number of inactive adults in England to 12.3m, 27.1% of the population.¹
11. Furthermore 4Global, a specialist sports consultancy which has been working with ukactive to provide data analysis, found that whilst older adults aged 65 and above across the UK were getting more active each year in leisure venues between 2015 and early 2020, Covid-19 has undone much of this upward trend. There had been increasing participation levels and greater amounts of social value being generated, with over 65s generating over £3.5 billion of social value in the form of community health and wellbeing savings in 2019. However, according to this research, data from The National Post Lockdown Recovery Survey 2020, “indicates that there is a clear inverse relationship between the age of a member and the likelihood of them using facilities more post pandemic.”²
12. In a separate report, 4Global also found that the November lockdown restrictions had significant impact on the social value derived from the sector³. “Projections without the impact of COVID 19 indicate that the social value generated from leisure venues in terms of community health savings, was to increase by 4.52% from November 2019 to £32.7million in November 2020. The projections for November 2020 reflect the impact of COVID 19 on health savings, showing only a 9.95% return of the previous projected figures. This equates to a UK wide loss of £29.4million in health savings from leisure venues.” This is based on the sector’s contribution, through physical activity and exercise, to a reduction in both physical and mental health conditions.
13. The Local Government Association has identified that “the leisure sector continues to feel the impact of COVID-19, with many providers facing the risk of closure.”⁴ The Government’s National Leisure Recovery Fund of £100m was designed to help cover losses for the period December 2020 to March 2021; however, the third lockdown has meant that the negative financial impact continued for a further

¹ <https://www.sportengland.org/news/impact-coronavirus-activity-levels-revealed>

² <https://4global.com/4sight-week-9-12-02-21/>

³ <https://4global.com/4sight-week-7/>

⁴ <https://www.local.gov.uk/publications/leisure-under-lockdown-how-culture-and-leisure-services-responded-covid-19-full-report>

period. The majority of council leisure providers, including Places Leisure, have been ineligible for much of the initial funding support due to their business models and charitable status. The sector faces high fixed operating costs, which have continued whilst closed, and is reliant upon the income generated by memberships and users. There has been considerable pressure on the sector due to the closures, reduced capacity on reopening due to social distancing and lower levels of consumer confidence which has meant that income levels have been significantly impacted over the past 15 months.

14. In terms of the economic recovery, a recent survey by ukactive found that “more than half (54%) of England’s leisure centres that are operated by trusts or under Leisure Management Contracts (LMCs) are at risk of closure within six months unless they receive extended funding.”⁵ According to ukactive data, more than 400 gyms, pools and leisure centres in the UK have already been forced to close during the pandemic⁶ and a report by Community Leisure, a members association representing public leisure providers, found that over a third of leisure trusts consider their future is insecure and facilities remain at risk⁷.
15. This challenging landscape has a significant impact for communities in terms of securing local leisure provision and the risk of exacerbating inequalities in physical, mental and social health. The Chair of ukactive, Dame Tanni Grey Thompson wrote to the Prime Minister on 13 May 2021 setting out concerns for the sector, including the risk that operators are “faced with the need to reduce essential services in order to keep expenditure down. These include community services that are relied upon by the NHS such as GP or exercise referral and social prescribing programmes, alongside activities for specific populations such as cancer groups, cardiac rehabilitation, dementia initiatives, and activities for disabled people, plus crèches which many people rely on to look after children while they exercise.”⁸ The instability of the sector is leading to growing concern that the increasing inactive levels “will contribute to a worsening of our health inequalities,” which have already been significantly impacted by the pandemic and its impact on the wider social determinants of health such as poverty, employment, education, mental health, gender based violence and abuse.
16. With the expectation that the country will be able to remove the majority of remaining restrictions by 19 July, it is estimated that it will take 6-12 months for the sector to recover to pre-Covid levels of activity and income. It is in this context that the Council has been working with Places Leisure to review the commercial arrangements for the service, including the outturn in terms of the support package agreed for 20/21, the requested support package for 21/22 and the negotiations between the parties in respect of the Kingfisher closure.

Support package for 20/21

17. In July 2020, the Response and Recovery Committee agreed a package of financial support and contractual relief to assist Places Leisure to reopen and operate the three leisure facilities that are managed through the contract. With extensive

⁵ukactive.com/news/ukactive-chair-tanni-grey-thompson-urges-pm-to-deliver-on-queens-speech-as-risk-to-gyms-and-leisure-centres-threatens-recovery/

⁶<https://www.ukactive.com/news/ukactive-chair-tanni-grey-thompson-urges-pm-to-deliver-on-queens-speech-as-risk-to-gyms-and-leisure-centres-threatens-recovery/>

⁷<https://communityleisureuk.org/wp-content/uploads/2020/08/CLUK-Covid-19-Impact-Report.pdf>

⁸<https://www.ukactive.com/wp-content/uploads/2021/05/Letter-to-the-Prime-Minister-13.05.2021.pdf>

measures in place to ensure safety, Places Leisure forecast usage projections for the recovery period after the initial lockdown on the basis of limited capacity and reduced footfall.

18. This projection was based upon a phased recovery over the remaining year to March 2021. This resulted in a profile which set out an unprecedented loss of income, whilst requiring considerable expenditure, including one-off investment in infrastructure and signage to appropriately adapt the facilities, increasing cleaning costs and the usual levels of salary costs despite limited capacity due to safety requirements. The costs for April 2020 to July 2021 were based on known expenditure during closure and the projected costs for the period August 2020 to March 2021 are based on best estimates of usage and income given the restricted capacity at the sites and predicted consumer trends.
19. The Committee agreed a package of support, details of which are set out in the **Exempt Annex**. As noted above, these were profiled to adopt a phased reduction in restrictions over the remainder of the financial year which has not been achieved due to changing circumstances and further periods of local and national lockdown. As a result, the financial profile changed significantly during the year as staff were furloughed for further periods and income levels did not recover due to additional closure periods. It has been difficult to generate a pattern of use with the disruption of services, however, when the facilities were able to reopen, recovery was broadly in line with projected usage and income levels, with swimming capacity recovering especially well. In addition, during the lockdown periods on-line classes have been offered to members at no additional cost to motivate and provide them with a safe programme of home exercise. 198 members participated in classes with an additional 63 from the Get Active Exercise Referral programme. 85 Exercise Referral clients in total have taken up the virtual classes since they were introduced in May 2020, the majority of which were shielding thus providing key health and wellbeing support.
20. As outlined in paragraph 13, the Government introduced a National Leisure Recovery Fund in December 2020 and Kingston successfully bid for £343,512.19. Initially allocated to cover costs for the period 1 December 2020 to 31 March 2021, given the changing circumstances some changes were made to the criteria for how the award money can be spent. Applications were made on the basis of the position as at 14 December 2020 with the requirement that facilities reopen. However, given that facilities were not able to reopen in line with the original deadline due to national lockdown restrictions it was agreed that the award monies could also be used during closure towards utilities, unfurloughed staff costs, essential asset maintenance and security costs incurred during the third lockdown period and that remaining monies for reopening could be utilised beyond 31 March 2021.
21. Given the above changing circumstances, the profile has fluctuated compared to the agreed allocation. However, this has resulted in a positive outturn compared to the sum agreed by Committee, resulting in actual spend reducing by 23% compared to the profile. This is exclusive of the proportion of National Leisure Recovery Fund which has been allocated to 20/21 and which reduces the spend against profile by a further 4.4%. Therefore the outturn position is 28.4% lower than the sum agreed by Committee. The full financial details are set out in the **Exempt Annex**.

Support package for 21/22

22. Given the considerable disruption to the sector due to periods of further national and local lockdown, the trajectory for recovery now extends into 21/22. The Council proposes to offer support to Places Leisure on the same terms and conditions as were agreed for the initial support package, with additional monthly reviews from July 2021. PL has requested continuation of the payment in advance arrangements to support its cashflow position whilst income levels are reduced. Mindful of mitigating against its cash exposure risk, the Council agreed terms upon which a proportion of the monthly sum is paid in advance. It has also proposed terms upon which the Council's liability will be subject to a cap and at which point the Council will withdraw support.
23. Further details are set out in the **Exempt Annex**, including the financial support recommended and the proposed terms of the package.

Kingfisher Centre

24. As set out in the previous report to Committee in July 2020, the parties agreed to treat the Kingfisher leisure centre separately given that it was not in a position to reopen due to structural issues that required closure in December 2019. From a contractual perspective, as the facility had to remain closed, the liability for the Council is clearly set out contractually and is on the basis of previous payments for the period December 2019 to March 2020.
25. Over the past year, as part of the recovery discussions and ongoing review of the financial position of the leisure service, the Council and Places Leisure have undertaken commercial discussions in respect of the removal of the Kingfisher leisure centre from the contract. The parties disagree on some elements of the application and interpretation of the relevant clauses but, in the spirit of the partnership, have sought to reach a fair commercial settlement based on an agreed position on the contractual position. These negotiations have taken into account the wider package of support the Council has provided to Places Leisure during 20/21, the proposed support package for 21/22, the projected operating environment for the sector over the remaining period of the contract to 2026, and the contractual obligations on the Council in respect of the removal of a facility from the contract.
26. The parties agree that the Council's obligations under the contract are:
 - a. an obligation to meet redundancy costs associated with the closure, which was agreed and paid during 20/21
 - b. payment to cover loss of operating surplus over the remaining period of the contract
 - c. a requirement to cover sums outstanding in respect of undepreciated capital investment
27. Whilst there have been differing views as to how the sums liable under (b) and (c) should be calculated in line with the contract, the parties have been able to reach an agreement. The Council has received external commercial and legal advice in respect of this matter and is assured that the sums recommended for payment to remove the Kingfisher from the contract are in accordance with the Council's obligations under the contract and represent a fair approach on balance given the broader context and the Covid related financial support package provided to Places Leisure.
28. The details of the proposed commercial settlement are set out in the **Exempt**

Annex. Subject to the agreement of the Committee, the Council will enter into an agreement with Places Leisure in respect of the settlement and the contract will be varied to remove the Kingfisher facility.

Additional matters

29. **Future profit share** - the Council continues to discuss with Places Leisure what this could look like going forward with an expectation that this forms part of the final agreement. Despite this being an improved position compared to the current contract, there is no guarantee of income and there is significant concern regarding the future of the sector, including if and when it will recover to profitability. Places Leisure has recently submitted a new proposal in respect of profit share which the Council is reviewing.
30. **Use of our green spaces** - the Council continued to consider expanding the Places Leisure offer to our green spaces, for example through outdoor fitness classes. The Council has agreed with Places Leisure that it will bring forward specific proposals for further consideration.
31. **Contractual relief** - in addition to the package of support, the Council intends to offer contractual relief in the form of relief from performance obligations and provision of both advance and accelerated payments, as set out in this report. The position will be reviewed by March 2022 to consider the status of the Covid-19 pandemic, usage trends and macro-economic factors.

Proposal and Options

32. The proposed approach is to provide a package of financial support and contractual relief as outlined in the previous sections and detailed in the **Exempt Annex**. The Council has undertaken extensive negotiations with Places Leisure, exploring all opportunities to mitigate the costs to the Council and there are no further opportunities to reduce the scale of the support package required in order to ensure the viability of the facilities.

Timescale

33. Subject to the recommendations being approved by Committee, the Council intends to conclude matters with Places Leisure by way of a commercial agreement and a variation of the contract in respect of the Kingfisher facility. This will be agreed in the coming weeks.
34. The position on the recovery of the sector and the leisure facilities in Kingston will be monitored on a monthly basis. It is expected that, subject to the majority of restrictions lifting on 19 July and there being no further lockdown periods in the coming months, that financial support will not be required beyond March 2022.

Financial Context

35. The council is operating in an increasingly challenging financial environment. Kingston faced a number of financial challenges in the medium to longer term - even before the COVID-19 outbreak, which has further added to these challenges. The economic and financial consequences of the pandemic, growing demand for services, and limited government grant funding make it difficult to find adequate

funds to meet the borough's needs.

36. The future of local government finance faces a significant level of uncertainty. The impact of the Fair Funding Review and a future review of business rates is currently unknown, and the lasting effects of COVID-19 on our residents, local businesses and the Council itself remain uncertain.
37. Despite these challenges the council has a drive and commitment to ensure it is doing the best for residents and communities

Resource Implications

38. The Council has set aside a Covid reserve in order to meet ongoing obligations arising from the pandemic. The sums outlined in the **Exempt Annex** will initially be met by the Council's allocation from the National Leisure Recovery Fund, with the balance funded from Covid reserves, capital funding and existing revenue budgets. Details of the financial implications are set out in the **Exempt Annex**.

(TO BE APPROVED)

Legal Implications

39. The approach recommended in this report is that the Council takes a commercial decision to agree a negotiated solution which is outside of a strict reading of the contractual position. It is proposed that the changes are agreed by way of a settlement Ex-Gratia and outside of contract to protect against future liabilities.
40. Central Government has issued guidance in relation to the current situation under PPN 02/20 (supplier relief due to coronavirus (COVID-19)) and PPN 04/20 (Recovery and Transition from COVID-19). In relation to businesses that are emerging from the restrictions the Council should have regard to this guidance.
41. Amendments made to the contract need to be in accordance with the Public Contracts Regulations 2015 (PCR) including regulation 72 in particular. The guidance makes various suggestions including the consideration of suppliers at risk and the acceleration of invoices payments under PPN 02/20. Under PPN 04/20 it is stated that:

...[A]uthorities and their suppliers now also need to work in partnership to plan an eventual exit from any relief and transition to a new, sustainable, operating model taking into account strategic and reprioritisation needs. In some cases, it is possible that the basic commercial assumptions that underpinned the viability of the original contract can no longer be maintained. Contracting authorities and their suppliers will need to work in partnership, openly and pragmatically, during this transition to ensure that contracts are still sustainable.
42. The Council should still have regard to the payment models proposed under PPN 02/20 and also compliance with applicable regulations including the PCR.
43. In negotiating amendments to the contract, the Council must, as mentioned, comply with regulation 72 of the PCR and these must be in accordance with a safe-harbour stated in that regulation. While clause 16 allows for variations of the contract and 16.3 in particular the negotiation of changes in law and other significant changes to the contract under 16.2 which are to be negotiated under

16.3. It is, however, unlikely that this variation falls within a clear and unequivocal review clause under 72(1)(a). It is also unlikely to fall within the technical necessity requirements under (72)(1)(b).

44. The Council may consider that the modifications are made under 72(1)(c) as an emergency provided that the expenditure does not exceed 50% of the original value of the contract. This requires the issue of a notice under regulation 51 of the PCR.
45. A 'safe-harbour' that the Council may be able to rely on is 72(1)(e) which allows for modifications that, irrespective of their value, are not substantial. In the case of this 'safe-harbour', no notice is required to be published under this safe harbour. As such care should be taken to ensure that:
 - a. the modification does not render the contract materially different in character from the one initially concluded; or
 - b. the modification would not have allowed for the admission of other candidates than those initially selected, or the acceptance of a tender other than that originally accepted, or attracted additional participants in the procurement procedure;
 - c. the modification does not change the economic balance of the contract or the framework agreement in favour of the contractor in a manner which was not provided for in the initial contract or framework agreement;
 - d. the modification does not extend the scope of the contract or framework agreement considerably;
46. The Council should retain its assessment of the proposed modifications as detailed in this report and regulation 72(1)(e).
47. State Aid must also be considered in the form and also the loan that was previously issued, and now repaid, as well as any further total payments made to the contractor. In April 2020, the Council made a loan to the contractor to meet interim needs during the Covid 19 period. This loan was provided as a bridging loan so as to ensure that the provider was able to pay staff until the provision of the Job Retention Scheme that was introduced by the Government. The amendments proposed by this report need to be considered in addition to the loan. Additional elements of aid can be granted but need to be confined to the *Temporary Framework For State Aid Measures To Support The Economy In The Current Covid-19 Outbreak* as follows:
 - a. *The overall aid does not exceed EUR 800 000 per undertaking. The aid may be granted in the form of direct grants, tax and payment advantages or other forms such as repayable advances, guarantees, loans and equity provided the total nominal value of such measures remains below the overall cap of EUR 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charge;*
 - b. *the aid is granted on the basis of a scheme with an estimated budget;*
 - c. *Aid may not be granted to undertakings that were already in difficulty (within the meaning of the General Block Exemption Regulation¹⁵) on 31 December 2019;*
 - d. *the aid is granted no later than 31 December 2020;*

48. The Council's options are therefore to ensure that the changes to the contract are within the purview of the relevant guidance, regulations and as applicable within the temporary state aid exemption prior to the end date and that modifications fall within regulation as stated.

(TO BE APPROVED)

Risk Assessment

49. There are a number of risks associated with the recommendations set out in this report which the Council has assessed, identifying mitigating actions in order to decrease the likelihood of the risk arising. The key risks are:
- a. the risk that another provider determines that the Council's actions constitute a breach of the PCR and challenges the decision. This is mitigated by adoption of an appropriate safe harbour provision under the PCR. Furthermore, given the market as a whole is seeking similar support from local authority clients, as endorsed by sector bodies such as ukactive, it is unlikely that any competitor would seek to challenge any specific decision given that it would increase the likelihood that local authorities do not agree to the required support packages.
 - b. a risk of insolvency for the Council's leisure provider due to the difficult trading conditions for the sector arising from reduced capacity and footfall, with the possibility that consumer habits have been irrevocably changed due to Covid-19. The Council will mitigate this risk through seeking appropriate assurance and surety from Places Leisure's parent company (Places for People). Furthermore, whilst payment in advance does have a greater risk profile, the Council will retain a proportion of the monthly projected sum to keep cash exposure to the absolute minimum.

Equalities Analysis

50. Equality analysis has not been undertaken in respect of the recommendations set out in this report. There is no change in policy and therefore no associated change in equality impact.

Health Implications

51. Given the importance of leisure centres as a valuable health and wellbeing resource, there are considerable impacts arising if the Council is not able to secure the viability of its leisure facilities. There is considerable evidence that inequality in terms of race and socio-economic background has a negative impact in terms of both an increased risk of contracting COVID-19 and poorer health outcomes.
52. In managing the facilities, they are operating safely to minimise health risks associated with COVID-19. All sites are complying with the Government guidance on social distancing and safe operational practice. Staff have been trained regarding all aspects of the Covid-secure arrangements and are supporting residents to use the centres safely.

Road Network Implications

53. There are no road network implications arising as a result of the recommendations in this report.

Sustainability Implications

54. There are no sustainability implications arising as a result of the recommendations in this report.

Background papers

None other than those referred to in this report.

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