

OFFICERS BRIEFING NOTE

Addition financial support to GLL during Covid suspension of facilities

Cambridge position

- GLL have lost around £300k per month income whilst expenditure costs remain over and above those covered by the management fee.
- GLL have requested supplementary support for these payments over and above management fee payment on a full open book basis for a period of 20th March to 30th June 2020.
- GLL's position is they want to know what financial support may be available as ultimately it impacts on Payroll and their ability to mobilise when needed.

Budget Books

- GLL are seeking additional grant funding (not a loan) from CCC. The origin request started out at circa £100K per month, to cover all costs being incurred over the closure period.
- Open book accounting will be used and actual expenditure recorded for final balancing of the sums paid to GLL – spread sheets supplied to date of monthly budget profile
- All costs to be driven down to a minimum and are currently guestimates and is worst case scenario and would be less than currently shown – actual spend only to be recorded.
- All sums noted are Cambridge specific only and any sums paid by CCC are ringfenced within our contract and not to a central GLL pot – No cross subsidy in or out
- Shared personnel (x4 staff) across sites in the area (ECDC & Ice Rink) and is for 70% of the staff costs to CCC and the other 30% support Ice rink (@10%) & ECDC contracts (@20%)
- The current management fee is a profiled figure inputted by GLL accounting for greater expenditure over previous years for setup and early capital investment costs years 1&2 and does not reflect the straight management fee paid per month
- City Council will not top up GLLs furloughed staff – Costs Circa £78,000 for three months
- Lease Repayments account for 40% of the original sums requested – The City council will offer this as a loan to be paid back in full over the remaining term by Oct 2023
- Utilities to be optimised for least expenditure possible – Solar PV remains operational s feeding into the electric usage on various sites.

Potential Subsidy outcomes

Budget Summary	P3 - March	P4 - April	P5- May	P6 -June	Total
Staff 20% top up	£0	£9,020	£30,652	£38,325	
Loan repayments	£23,471	£40,779	£41,899	£41,051	
Other costs	£67,529	£52,201	£21,449	£23,624	
Subsidy Requested	£91,000	£102,000	£94,000	£103,000	£299,000
<i>CCC amended budget</i>					
Subsidy offer	£0	£54,000	£24,000	£26,000	£104,000
Loan repayment	£0	£40,779	£41,899	£41,051	£123,729

Addition financial support to GLL during Covid suspension of facilities

The current position is to support GLL for a “contingency payment” over and above the monthly management fee to cover the closure period from the 20th March 2020 – 30th June 2020 for a capped sum of upto £104,000.

The support figure is based on open book accounting estimates from GLL's current operational accounts and are a worst case starting position from them. These accounts are the basis of open book arrangements going forward during and beyond this period, and will continue to be worked on with GLL to move the budget sheet into approved actual costs over the coming months.

A legal letter to GLL for this additional support including terms and conditions for the councils support, is to be issued and needs to be signed and returned by GLL to the council, and includes measures to protect the councils payment should GLL not be able to be a viable entity, or the contract fails within the next year.

GLL have confirmed that they very much want to operate in a collaborative approach and work with the Council to make this work for both parties, (and are doing similar approaches with over 90% of their Local Authority contracts across the UK) to be able to be there ready for us when facilities can start to reopen on a limited or fully operational basis.

GLL have also confirmed that they cannot get any dispensations off Alliance Leisure for the outstanding loan they have with them which ends in September 2020, and the offer of the City Council to meet these current repayments in the form of a repayable loan to GLL, which is to be repaid in full to the Council by GLL before the end of the contract in September 2023.

The financial cost of the payment required for the period 20th March – 30th June 2020 (£104,000) can be delivered within the current leisure budgets with very stringent financial management specifically within the leisure maintenance budgets and contract budget over the coming year.

Officers regard the financial support being made available to GLL over this period is the best option for the Council to maintain services under the current contract.

Any further sums required for the period after 30th June will need to be looked at on a separate budgeting basis as centres begin to reopen (many at reduced capacities) and income levels begin to rise, and any further requests to meet costs may be able to be met from existing budgets, but is likely additional sums from reserves may be required for any further support after the 30th June 2020.

All parties will continue to work in good faith, with full open book accounting, and maintain a successful working partnership, to enable our leisure facilities to reopen to the public over the coming months.

A Citywide review will also be looking at business modelling and options for phased opening of the centres with GLL with input from considerations of the whole state of leisure provision across the city with work being undertaken by the Recreation and Active Lifestyles teams to help inform which centres are best to start opening and programming options for activities.

The support payment being offered to GLL is conditional to a delegated authority decision by the Strategic Director covering Community Services.

National Picture for support to Leisure Operators

The approach noted in the briefing paper being undertaken by the City Council for additional support is in keeping with other local authorities up and down the country with external leisure providers to achieve levels of affordable additional financial packages to support leisure operators to continue to remain solvent and be able to action opening facilities as soon as allowed.

Central Government lobbying

Ongoing lobbying by LGA, UK Active, & Sport England is in place, with advice papers from these bodies released and measures going forward for opening being produced, along with collective approaches on dealing with the next phases of reopening of the Leisure and Recreation Sector.