



# Covid-19 - Leisure Management Contracts

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<b>Risk Code</b>	CR68.1	<b>Risk Title</b>	Covid-19 - Leisure Management Contracts
<b>Risk Owner</b>	Vaughan Watson	<b>Updated By</b>	Louise Randall
<b>Year Identified</b>	2020	<b>Corporate Priority</b>	Respond to challenges to the environment
<b>Risk Description</b>	<p>As a result of the Covid-19 pandemic and associated restrictions regarding service provision, there is a risk that:</p> <ul style="list-style-type: none"> <li>- There is further enforced temporary closure of all facilities, e.g. due to a second wave of the virus;</li> <li>- Customers may not return or have a negative reaction to the changes required to reopen, which could mean targets set out in recovery plans are not achieved;</li> <li>- The contractor becomes insolvent, potentially as a result of the above risks materialising or the withdrawal of another large client;</li> <li>- Alternative options for operating leisure facilities in the district will be required, e.g. delivered in-house or arms-length, or alternatively, leisure facilities could be closed permanently.</li> </ul>		
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>- To ensure the current provision of leisure facilities is maintained and continues to meet the demands of local communities.</li> <li>- To investigate alternative options regarding service provision, to ensure that it remains cost effective.</li> </ul>		
<b>Consequences</b>	<ul style="list-style-type: none"> <li>- Decline in performance indicator.</li> <li>- May not obtain any 'profit share'.</li> <li>- Contractor might be unable to meet management fee obligations, as a result of enforced temporary closures.</li> <li>- Decision on future provision of leisure services and facilities.</li> </ul>		
<b>Work Completed</b>	<ul style="list-style-type: none"> <li>- Leisure contracts with SLL for RLC, HSC and Letchworth Leisure Management extended to 2023/24.</li> <li>- In March 2020, agreed suspension of all contractor payments to the Council for three months, in view of the temporary closure of all facilities (Covid-19 restrictions).</li> <li>- SLL maintained facilities during temporary closures.</li> <li>- In June 2020, Cabinet agreed to delegate to senior officers/Executive Members decision making regarding Leisure service provision, to protect the Council's financial position and to ensure it prepared effectively for possible issues.</li> <li>- Decision made to not open the outdoor pools in 2020.</li> <li>- Cabinet agreed on 21 July 2020 the SLL Recovery Plan (the phased approach to reopening, which allows flexibility through delegation, aims to ensure business continuity for the leisure contracts and survival beyond the Covid-19 pandemic) and to support SLL using the Open Book approach, as recommended in the Procurement Policy Note PPN 02/20, including further financial support (affordability of financial support provided to SLL assessed on the basis of the cost of alternative outcomes and available short and medium-term resources).</li> </ul>		
<b>Ongoing Work</b>	<ul style="list-style-type: none"> <li>- Regular monitoring of contractor's credit score rating by Accounts.</li> <li>- Regular meetings held at director level to continually re-assess position, in light of further developments relating to the Covid-19 restrictions.</li> <li>- Regular meetings between SLL's three largest clients (NHDC, SBC and CBC) and the Chief Executive and Operational Director of SLL to ensure a consistent approach, in particular around recovery.</li> <li>- Regular updates to Executive Members.</li> <li>- Open book accounting arrangements in place with the contractor, ensuring full financial transparency.</li> </ul>		

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	<ul style="list-style-type: none"> <li>- Ongoing assessment of the options available to respond to the various scenarios.</li> <li>- Phased approach to reopening NHLC, HSC, Archers and RLC from 25 July 2020; Fearnhill Sports Centre to remain closed until September 2020.</li> <li>- Officers to continue working with SLL, as delivery of the recovery plan is very challenging and will require regular monitoring/review, and where necessary action will be taken to safeguard the financial position of operating our leisure facilities, whilst ensuring that operations continue to meet Covid-19 and other safety requirements.</li> <li>- Report to Council due to be presented in September 2020.</li> </ul>		
<b>Current Overall Risk Score</b>	8		
<b>Current Impact Score</b>	3	<b>Current Likelihood Score</b>	2
<b>Current Risk Matrix</b>		<b>Target Risk Matrix</b>	
<b>Date Reviewed</b>	22-Jul-2020	<b>Next Review Date</b>	22-Oct-2020
<b>Latest Notes</b>	04-Aug-2020 On 3 August 2020, the Risk Management Group proposed that the "Covid-19 - Leisure Management Contracts" risk entry should be promoted to a new Corporate Risk, sitting alongside the existing Corporate Risk of "Novel Coronavirus (Covid-19)".		
	23-Jul-2020 Risk reviewed and updated by Louise Randall on 22 July 2020. Although a phased approach to reopening facilities (apart from the outdoor pools) from 25 July 2020 has been agreed, there remains a risk that SLL may not be able to continue trading. However, the July 2020 Cabinet decision to provide financial support, which provides the best value response to the issues currently faced, aims to reduce the likelihood of this happening whilst enabling service provision to re-commence. The decision doesn't remove the associated risks entirely and implementation of the recovery plan will be challenging and will be subject to continual monitoring and review. However, if customer confidence and usage is high and there are no further lockdown restrictions imposed, the current assessment is that the recovery plan is likely to be delivered successfully. No change made to the risk score, as we are still in the very early stages of recovery. However, the current risk score is assessed on the proviso that Council approves the relevant recommendations at the September 2020 meeting. If the recommendations are not approved, the risk would be re-assessed as being high for both impact and likelihood.		