

Meeting:	Cabinet	Date:	10 February 2021
Subject:	COVID-19 Support to Aspire Sports & Cultural Trust		
Report Of:	Cabinet Member for Culture and Leisure		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	None		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 As a result of the COVID-19 pandemic Aspire Sports & Cultural Trust (The Trust) has absorbed significant financial loss. To enable the continued provision of leisure service for all residents of the city short term financial support is required

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) cashflow support up to a maximum of £290k be provided to The Trust as a revolving credit facility
- (2) the Head of Policy & Resources be authorised (in consultation with the Cabinet Members for Performance & Resources and Culture & Leisure and the Council Solicitor) to take such actions and make such arrangements as are necessary for the implementation of the above recommendation including such legal processes and agreements as are necessary.

3.0 Background and Key Issues

- 3.1 The Trust was required to close as part of the national lockdown one in March 2020 and as a direct consequence of the first National lockdown all non-committed cash reserves held by the trust at Mar 20 totalling £225,000 were exhausted.

Externally, they have also accessed:

National Government support

- Funds via the Job Retention Scheme (furlough).
- Rate relief for the period Apr 20 to Mar 20.

- Local CV-19 Restrictions grants in for Nov 20; Dec 20 and for Jan 21.

3.2 The Full Council meeting of 24 Sept 20 Council resolved:

Council recognises that both GL1 – Gloucester Leisure Centre and the Oxstalls Tennis Centre are a vital part of the City's leisure and sporting infrastructure and make a significant contribution to the health and well-being of many Gloucester residents.

Council further notes that Aspire Trust has experienced financial challenges due to the closure of premises during the Covid-19 pandemic. The Council has worked with the Chief Executive of Aspire Trust and supported them throughout this period.

The impact of Covid-19 and in particular social distancing measures mean that capacity at both venues has been greatly reduced and it is therefore likely that further support will need to be put in place over the coming months to ensure Aspire's survival.

Council resolved:

1. To continue its ongoing support to Aspire Trust to enable both GL1 and Oxstalls Tennis Centre to remain open and continue to serve the needs of Gloucester people.
2. To continue to have regular dialogue with the Trust and its Board so that we are fully informed as to any problems the Trust may be experiencing.
3. At an appropriate time a report be produced and considered by the Council's Cabinet setting out the current and forecast financial recovery position and detailing any further support required to ensure Aspire remains an ongoing concern.

3.3 The Council has provided a written letter of support to the trust for the purpose of its external audit of accounts at 31st Mar 20.

3.4 The council has supported the trust to date as follows:

- Outstanding creditor invoices payable to the council have not been pursued to assist the trust in meeting other obligations.
- Utility costs are invoiced to the trust by GCC on a monthly basis. The recharges for the period Mar 20 to Mar 21 have been suspended to aid the charity's recovery.
- As a direct consequence of the Nov 2020 lockdown further cashflow support was provided by the council in the sum of £35,000.
- The council has maximised the operational down time because of Covid lockdowns to undertake contractual essential & pre-planned repairs and maintenance.

3.5 In addition to the items listed above the trust has been diligent in minimising the financial impact of Covid by:

- Opening as many services to the community as is permitted & also mitigating hours of operation in order to keep overhead costs to a minimum.
- Undertaken a staff restructuring resulting in a reduction of staffing hours from Mar 20 to Dec 20 across the business (excluding freelance operatives), achieved through new working practices; significant role changes; changes in working patterns; natural staff turnover & those prompted by the uncertainty within the sector; voluntary reductions in hours; & two compulsory redundancies
- Negotiated with suppliers to either suspend or reduce payments & negotiate payment terms for future dates & provide services in kind
- Cancelled all non-urgent works
- Undertaken an ICT infrastructure review & implemented new ways of working to create cost & operational efficiencies
- The trust have also explored Coronavirus Business Interruption Loans scheme.

3.6 Throughout the pandemic the trust has had regular meetings with the Head of Policy & Resources and Head of Communities. These meeting have focussed on the trust's recovery from the pandemic and provided regular cashflow forecasts to officers.

3.7 Discussions with the trust have concentrated on the cashflow support required during the pandemic. Once the Trust reopened after the first lockdown and implemented its recovery plan, the additional cashflow request was not required with the Trust's forecast position returning to a balance in excess of £100k by March 2021.

3.8 As a result of the lockdown in November and the current national lockdown this situation has changed significantly resulting in the current request for support.

3.9 We are required to provide monthly returns to Government on the financial impact of the pandemic both actual and the forecast to end of the financial year. These returns have included an assumed level of support for both cash flow and the non-recharge of utilities.

3.10 An application has also been made to the National Leisure Recovery Fund, any monies successfully received as a part of this application will reduce the required level of support provided by the Council.

4.0 Social Value Considerations

4.1 There are no direct implications as a result of this report, however the trust provides significant support to the community as part of its normal operation.

5.0 Environmental Implications

5.1 There are no environmental implications as a result of this report.

6.0 Alternative Options Considered

6.1 The alternative to this support may see the trust being unable to continue, the implication of this would be either the cessation of these key health and wellbeing benefits to our residents or the delivery returning to the Council with associated cost and challenges.

6.2 These are not recommended courses of action and have not been further considered.

7.0 Reasons for Recommendations

7.1 To support the trust in the recovery from the COVID-19 pandemic

8.0 Future Work and Conclusions

8.1 Officers will continue to work with the trust as part of the recovery from the pandemic.

9.0 Financial Implications

9.1 As highlighted in the report a revolving credit facility to a maximum of £290k may be required.

9.2 The temporary lending facility available to the company is at an interest of 2% over base rate (currently 0.1%). The lending arrangement will be covered by a loan agreement which will set out the obligations of the council and the trust.

9.3 As the non-recharge of utilities has been included in the COVID-19 support from Government, these costs will not be recovered from the trust for the financial year 2020/21.

10.0 Legal Implications

10.1 The Council has powers under Section 19(3) of the Local Government (Miscellaneous Provisions) Act 1976 to provide a grant or loan towards the expenses incurred or to be incurred by any voluntary organisation in providing any recreational facilities which the authority has power to provide itself by virtue of section 19(1).

10.2 In the event that a revolving credit facility is not deemed to be a 'loan'. The Council will be able to rely under the general power of competence in Section 1 of the Localism Act 2011 to provide the facility.

10.3 In providing the lending facility the council needs to be mindful of complying with the new rules on Subsidy Control (the replacement to state aid following the UK's withdrawal from the European Union). Subsidy Control broadly means the control of financial assistance (subsidies) from a public body so as to avoid affecting trade and investment between the UK and the EU (or as defined in a trade agreement between the UK and other countries). The provision of a lending facility on market terms will not constitute an unlawful subsidy. If the facility is to be provided on more preferential terms, given the local nature of Aspire and the leisure facilities, it is unlikely that international trade will be affected and will not be caught by the new regime.

(One Legal have been consulted in the preparation of this report.)

11.0 Risk & Opportunity Management Implications

11.1 The recommended option mitigates the risks to delivery of this service to residents and businesses in the city.

12.0 People Impact Assessment (PIA) and Safeguarding:

12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

13.1 None

14.0 Staffing & Trade Union Implications

14.1 None

Background Documents: None