



STROUD DISTRICT COUNCIL

Council Offices • Ebley Mill • Ebley Wharf • Stroud • GL5 4UB

Tel: (01453) 754 351/754 321

www.stroud.gov.uk

Email: democratic.services@stroud.gov.uk

EXTRAORDINARY STRATEGY AND RESOURCES COMMITTEE

3

30 July 2020

7.00 pm – 9.48 pm

Remote Meeting

Minutes

Membership

Councillor Doina Cornell (Chair)	P	Councillor Simon Pickering	P
Councillor Martin Whiteside (Vice-Chair)	P	Councillor Mattie Ross	P
Councillor Nigel Cooper	P	Councillor Tom Skinner	P
Councillor Rachel Curley	P	Councillor Chas Townley	P
Councillor Stephen Davies	P	Councillor Ken Tucker	P
Councillor Nick Hurst	P	Councillor Debbie Young	P
Councillor Keith Pearson	P		

P = Present A = Absent

Officers in Attendance

Chief Executive	Strategic Director of Communities
Interim Head of Legal Services & Monitoring Officer	Head of Community Services
Accountancy Manager	Democratic Services and Elections Officer

Other Member(s) in Attendance

Councillor Robinson
Councillor Dewey

Others in attendance

David McHendry, Knight, Kavanagh and Page

Councillor Cornell welcomed Councillor Curley to her first meeting. She also outlined the possibility of Members going into exempt session for Agenda Item 4, because the Appendices contained exempt information and outlined the procedure for doing this.

SRC.025

APOLOGIES

There were none.

SRC.026

DECLARATIONS OF INTEREST

There were none.

SRC.027**CONTINUATION OF THE GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE - SEPTEMBER 2020 TO MARCH 2022**

Councillor Cornell asked Committee to consider a request from the Gloucestershire Economic Growth Joint Committee to extend their operation for a period of 18 months from 4 September 2020 and to waive the 12 months' notice period set out in the Inter-Authority Agreement (IAA) between the partner authorities to enable the Joint Committee to continue.

The Chief Executive confirmed that the committee had been established in 2014 by Inter-Authority Agreement for a term of 5 years until September 2020. The IAA had included a 12 month notice period for ending or extending the committee which had not been enacted in 2019. The extension period of initially 18 months would enable the committee to support the county's economic recovery during the Covid-19 pandemic and the term of the committee could be extended beyond March 2022. The committee is resourced by the business rate pilot fund. All partner organisations are being asked to support this.

In response to Councillor Hurst's question the Chief Executive confirmed that the committee also supported the work of Leadership Gloucestershire and supported the economic growth and recovery of the county.

The report was moved by Councillor Cornell and seconded by Councillor Whiteside.

On being put to the vote, the Motion was unanimously carried.

- RESOLVED:**
- a. To waive and remove the twelve months' notice period set out in the Inter-Authority Agreement (IAA) dated 4 September 2014 required to extend the IAA, including removing the need for future notice periods**
 - b. To agree to the GEGJC continuing to operate from September 2020 for a period of eighteen months**
 - c. To delegate authority to the Interim Head of Legal Services to agree and complete the appropriate legal formalities to allow the IAA to be extended for 18 months to enable the GEGJC to continue until March 2022.**

SRC.028**LOCAL GOVERNMENT ACT 1972 – EXCLUSION OF PRESS AND PUBLIC**

On the advice of the Monitoring Officer, Councillor Cornell proposed and it was seconded by Councillor Hurst, that Appendices 1 and 2 of the next agenda item should be considered exempt and if agreed, any questions would be dealt with in closed session. This was because of the potential disclosure of information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act.

- RESOLVED**
- That, pursuant to the provisions of Section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the matter detailed in the appendices to agenda item 4 on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 5 of Part 1 of Schedule 12A of the Act.**

Upon the vote the Motion was carried with 12 votes for and 1 vote against.

SRC.029

SUPPORT OF THE LEISURE CONTRACT PROVIDER IN STROUD (SPORT AND LEISURE MANAGEMENT) TO RECOVER FROM THE IMPACT OF COVID-19

Councillor Cornell requested that the Committee accept a 'friendly amendment' to the recommendation in the report by adding the words "in consultation with Group Leaders" to the end of paragraph d. of the decision box. Councillor Davies, Leader of the opposition accepted this friendly amendment.

Councillor Davies also moved an amendment to paragraph c. of the decision box by changing the date from September 2020 to April 2021. He said that whilst he had nothing against the real living wage he was concerned that this was public money and that many of the Districts residents had lost their jobs or were on reduced incomes. He said that it would not be unreasonable for there to be a delay of 6 months. The amendment was seconded by Councillor Pearson. The proposed amendment would be debated after the report had been introduced.

The Strategic Director of Communities introduced the above report for consideration after extensive detailed conversations had taken place with the Council's Officers and Sport and Leisure Management (SLM). The Covid-19 pandemic had caused real financial hardship and particular challenges for the leisure sector. SLM approached the Council highlighting its closure on 20 March 2020. Their income against forecast had been reduced by almost 100%; which was reflected across all sectors of the leisure industry. He informed the meeting that the Council had two leisure sites; Stratford Park, Stroud and The Pulse, Dursley. There were different financial structures behind them but they face the same challenges.

The Council had agreed to pay SLM the £78,000.00 management fee in full and forwarded their entire allocation of the additional cost of paying the real living wage in March 2020. The Council had immediately provided support but as the weeks had gone on the depths of the challenge for SLM had affected their delivery of services and their long term position. A lot of work had gone into trying to predict the future and the report was based on the best possible estimates in terms of what the future may look like.

South West Councils and other leisure bodies have been lobbying Government for financial support. Some Government commitment had been given for leisure centres run by local authorities in terms of payments toward lost income. The situation in Stroud was not unique. One of the challenges SLM have to deal with is public confidence due to the pandemic. The Strategic Director Communities said that there were unknowns in that we don't know if people will go back to the gym, or if there will be a local spike of Covid-19. He said that SLM have been as specific as they possibly could be. They originally asked for £250k reflecting the deficit they anticipated for this financial year. However, the recommendation in the report is for less and reflects what Officers believe is an appropriate figure in a really challenging period for the industry. After seeing the published Committee report SLM had sent in the following statement which had been circulated and which the Strategic Director of Communities read out:-

"The next five months are critical in our recovery journey. SLM is committed to protecting jobs and wages at this difficult time. It commits to manage its staff team carefully and in consultation with the District Council. During this time, and depending on service take up and any forthcoming guidance, it may be required to reduce hours of work or re-task employees. It will do this in agreement with of the

Council's delegated lead however no member of staff with a permanent contract will be made redundant in this period."

The Strategic Director of Communities added that the statement did reflect how in normal circumstances any operator would approach the situation and manage their expenditure and their staff according to demand. He said that this was not an unreasonable statement for SLM to make because they needed to be flexible.

Councillor Cornell thanked all of the Officers who had spent a lot of time over the last few months working on this issue leading up to the report. Members were reminded that if they wanted to ask questions on Appendices 1 and 2 of the report the broadcasting of the meeting would stop and the public would be excluded from the meeting.

Councillor Young said that she was concerned that the Council's money could be used to pay for redundancies to staff who were no longer required and asked if we had any guarantees that this would not be the case. In response the Strategic Director of Communities stated that the suggested structure for payment was that the Council would make incremental payments retrospectively, up to a maximum amount each month and that the operation would be scrutinised on an open book basis. Officers needed to ensure that every penny invested into SLM was used for the benefit of the community and this would be closely monitored.

Councillor Skinner asked whether we could ask SLM to agree to no redundancies for a few extra months on top of what they had agreed. In response the Strategic Director of Communities confirmed that usually the period between January and February in the leisure industry is its busiest and they generate most of their income during this time. He could not speak on their behalf but as this would probably be their busiest time they would need all the staff they had.

Councillor Pearson enquired what would happen if we did nothing. In responding the Strategic Director of Communities confirmed that SLM had not said that they would not open the facility if we do nothing. They have a contractual obligation to the Council which requires them to provide a service. At the moment SLM had opened the facility to the most lucrative facilities e.g. the fitness gym and group exercises on a skeleton staff. The Strategic Director of Communities could not say how long the limited service would continue to operate. He said that the contract requires that they need to also provide other fitness e.g. GP prescribed referrals, public health schemes and community benefit.

Councillor Townley asked what the Council is actually getting for its money and what additional services were available, he also asked when the tennis courts and swimming pool would be open and commented that the tennis courts should have been opened some weeks ago.

Confirmation was given by the Strategic Director of Communities that it was Officers intention to get something close to the services required by the contract. It was reasonable for the Council to be understanding of SLM's situation and that some people will not be returning to use the facility. There was a need for the Council to be flexible during this initial period to ensure that a service was provided to the District, but that there were contractual obligations which SLM need to deliver. He went on to say that work was being undertaken with Health and Wellbeing colleagues so that some of the districts' more deprived communities could benefit.

Councillor Hurst asked what does the contract say and what are they offering in addition to those services they are obliged to deliver under the contract. The Strategic Director of

Communities confirmed the level of detail within the report enabled Officers to fine tune service in terms of the detailed level of the agreement.

Councillor Pickering stated that we don't really know what is going to happen; that SLM had opened in good faith. He asked whether there is any indication on take up and any available data from overseas, or idea of what was likely to happen.

In reply the Strategic Director of Communities stated that it was still early days at The Pulse and Stratford Park and that take up of use of the gyms had been low. During the peak times of between 5.00 pm and 7.00 pm at Stratford Park there had been fair use whereas gym attendance at The Pulse had been low. Take up of the gyms had not been as high as expected as people were taking exercise at home or outside. At The Pulse fitness classes were normally at capacity with waiting lists but there had not been the anticipated take up and therefore no waiting lists. It was also the start of the school holidays. SLM would have to meet Covid-19 safety standards, they are professional and it was anticipated that their response would be good. The Head of Community Services had visited Stratford Park and felt that with one or two minor issues being addressed the procedures that were in place would comply with Covid Secure standards.

David McHendry from Knight, Kavanagh and Page informed the meeting that he had seen less than 50% of leisure centres throughout the country opening their doors at the weekend and approximately 23% are not opening for at least another month or until September 2020 and some are looking at up to 6 months after that. It was a slow start back to leisure facilities and there is ongoing challenge across the sector. Sport England were currently supporting 24 local authorities.

Councillor Davies asked whether SLM had carried out any improvements since the contract was extended and where we stood on those in the current situation. In response the Head of Community Services stated that SLM were drawing up a specification for new fitness equipment just before the Covid-19 pandemic and had also been planning some other improvements.

Councillor Young asked what we as a Council could do to encourage SLM to pick up on some activities e.g. the use of the tennis court and how the Council could help them going forward. The Strategic Director of Communities stated that it was critical that caveats were attached to any support given to SLM. This was about working together because SLM is the contractor but was working in our communities and doing activities in our communities. It was necessary to monitor their profit and loss, but also their community outreach. A framework should be put in place with criteria to be aligned with the objectives and actions in the statement of Wellbeing Plan. He said that the Council would need to watch the progress but with a strong and supportive arm around them to make sure they do everything they should be doing. He added that this would be included in any monitoring. The manager of The Pulse would also be giving her support because of her experience and he mentioned the initiatives she had put in place during the Covid-19 pandemic to take classes out into the community.

Councillor Ross stated that she was pleased with the reassurance that the manager of The Pulse would be helping to monitor the situation in the future. She also added that the Health and Wellbeing Officers had gained a lot of experience during lock down and would be able to assist, especially helping disadvantaged people.

The Strategic Director of Communities gave his assurance and confirmed he had worked with the Health and Wellbeing Development Co-ordinator and her team and they would continue to work together on this.

Councillor Skinner asked why had SLM come to us for assistance and not gone to the Government. He said that the company had made profits over the years and believed that that the Government could lend them money. The Strategic Director of Communities stated that as a company, as a whole SLM had a £35m overdraft guarantee from its bank to cover wider company pressures. There had been no Government support in this sector unlike other sectors.

Councillor Cornell stated that there had been inconsistencies. Councils who ran their own leisure centres were offered 75% by the Government to meet their loss of revenue. If the leisure facility was privately run, then there was no financial support. This had been raised with our two MPs and other organisations and we hoped to see some movement on this.

Members moved into closed session to discuss Appendices 1 and 2 and the live recording was paused.

At 8.40 pm the meeting adjourned and was reconvened at 8.52 pm.

Councillor Cornell re-opened the meeting and Members confirmed that they had no further questions.

The Monitoring Officer advised that Councillor Davies' proposed amendment to change the date should be debated first and depending upon the outcome, a vote could be taken on the substantive amendment.

Councillor Davies confirmed his amendment was to change the date in paragraph c. of the decision box from September 2020 to April 2021; delaying the payment of the real living wage. Clearly if the Council saved SLM £35k by making this change we could therefore delay the time when we gave them the loan in this rapidly changing environment. The Government may give assistance in the future. This delay in timing in giving them money would allow us to spread our money a little further. A significant amount of people in the district had either lost their jobs or were on a reduced income because of Covid-19. He posed the question as to whether SLM may make people redundant or change their working hours. This suggestion was a practical way to help in this difficult situation. The amendment was seconded by Councillor Pearson.

No questions were asked and the meeting moved into debate for the proposed amendment.

Councillor Whiteside stated that it did seem important in a time of economic hardship that people get the living wage. It was important that the Council commit to supporting payment of the real living wage. He mentioned that the Council is finding other ways of supporting people in the wider community e.g. Council tax. As such he was of the view that SLM's employees should be supported and stated that he would not be supporting the amendment.

Councillor Curley stated that she felt really uncomfortable with the proposed amendment which would delay the commitment on the delivery of the real living wage until April 2021. It had been delayed by 6 months and so a number of staff had been on furlough receiving 80% of their wage at the lower rate. She was of the view that the Council should not postpone this again until April next year. SLM had already received the funding for 12 months to introduce the real living wage and an agreement by the Council to delay by another 6 months would in affect be giving a cash grant of nearly £36k. The real living wage should be introduced in September 2020.

Councillor Cooper agreed with Councillor Davies, believing that it was sensible to delay this help. We had to bear in mind others are also in hardship, the suggestion that we spread the money more evenly over a longer period was supportable.

Councillor Ross agreed with Councillor Curley that SLM had already had the money up front and it was not morally right to further delay the payment. She was clear that it should be paid, people had suffered through no fault of their own and it was beyond our control and would not support this amendment.

Councillor Hurst stated that money had been paid up front to SLM and there was a bigger picture here.

Councillor Cornell confirmed that she would not support the amendment, the legal national wage was £8.72 and the real living wage which was what they wanted SLM staff to be paid was £9.30. The £9.30 is evidence based on the current cost of living to survive. The Council had given SLM a cash grant to pay the people on the lowest wages and they had not done so yet (this has been by agreement). She was of the view that the Council should support these individuals.

Councillor Davies confirmed he would like to withdraw his amendment as he had not appreciated all of the details until Councillor Curley had spoken.

Councillor Cornell reminded Members that they would now go back to the original resolution, which she had moved with the friendly amendment at paragraph d. (to include "in consultation with Group Leaders"). This had been seconded by Councillor Whiteside.

At the commencement of debate Councillor Pearson made four points. He said that he had been involved with SLM at the beginning of their contract when they had taken over the running of Stratford Park in 2010. He said that he had found them to be a very good company, working well and achieved what they had set out to do, this had also included improving the asset. He said that he had faith in them. He said that he did understand that it was a struggle to get people's confidence to come back. If SLM were not able to trade it would cost the Council more than £170k to bring the service back in house because of Officer time. He said that he had listened to the debate and wondered why a lot of questions had not been asked e.g. why the tennis courts had not been opened and asked what SLM's plans were for the next 6 weeks. He said that he believed the Council had a duty to the public to ensure that the leisure centre was open including the outside activities, he would be supporting giving SLM a grant.

Councillor Skinner suggested giving SLM a grant, with significant conditions attached and enquired why they not applied for a Government loan. He said that he hoped SLM would keep staff until the end of financial year; which could be their busiest time of the year and that he would have liked to have seen more commitment from them. His preference was a mixture of loan / grant because the company had been very profitable for the last 3 years.

Councillor Hurst stated that it was essentially about the relationship with the Council and the contractor. SLM had been a very competent efficient operator and had brought considerable credit to the Council's reputation in the way that the leisure centre had been run. It was clear from some of the questions and answers that SLM go beyond their contractual requirement; that in his mind should encourage support. He agreed with Councillor Skinner about spending tax payers' money but stated that we are in a very fluid situation where the Government may recognise exercise, health and obesity reconsidering its attitude to the private side of this industry. He believed that the Government may support them. He felt that it would be premature to give SLM any money and that a loan rather than a grant would be a better way forward. He said that he supported SLM to a

degree and that the Council might underwrite any investment into the building. He was of the view that in the future business rates are going to be decimated by closures and the Council's income significantly damaged going forward. He stated that he was really torn in making a decision, but on principle he believed that we should be helping them but he needed to hear from other Members.

Councillor Curley stated that everyone was struggling with this difficult decision. She did not underestimate the challenges for the company reopening the leisure centre which is an important facility for the community but that the Council must balance other significant financial pressures. SLM do have a contractual obligation to deliver services and they are not delivering at the moment. Whether Members decide on a grant or loan the Council has to be clear on the conditions attached which is that, as a minimum SLM fulfil their contract. The Council had frontloaded the management fee and the proposed £170k would cover the forecasted operating loss for half of the year. Council tax payers are being asked to pay for the majority of this predicted loss. She agreed with Councillor Skinner that there should be no redundancies until the end of the financial year and that the Council should explore not a grant but a loan in excess of £170k, and think about how that could be structured so that the extra support is provided when it is challenging but SLM should pay this back over the last 2 years of their contract based on their return to profitability. She added that the Council should also look at the criteria for the local community and that if additional Government funding is forthcoming the funding is repaid.

Councillor Whiteside supported Councillor Curley and reiterated that it was important that the Council support health and wellbeing during the summer holidays. It was necessary to encourage people to get back to the leisure centre as soon as possible, especially young people. He was of the view that they had taken the profits and when in deficit should not expect the tax payer to bail them out. There has to be an element of sharing the good and bad times. He supported a loan agreement structured over a reasonable length of time, if this time was not profitable there maybe a write-off opportunity. He would be unhappy if SLM were in profit for the remainder of the contract and a dividend was paid to the shareholders. Any agreement should be based on a loan and sharing a risk and the opportunity of claw back the loan if the Government funds the leisure industry. There must not be any redundancies made until the end of the financial year. He was in favour based on a loan option.

Councillor Davies stated that Committee were delegating decisions to be made by the Section 151 Officer, Head of Legal Services to negotiate and conclude any legal documentation necessary arising from any decision made in consultation with the Group Leaders. If over the coming months, the situation became more difficult a proportion of the monies could be given in a grant and then converted to a loan after 2-3 months. By then, it will be known if there had been a second wave of Covid-19, more information would be available on the usage and whether SLM had implemented the real living wage and made any redundancies.

Councillor Pickering was in favour of supporting SLM with a loan which would be monitored and if the Government paid a grant to the leisure industry the Council could claw this back.

Councillor Young stated that clearly there were still a lot of questions and that the Committee needed to have answers before making a decision, but she was supportive of assisting SLM.

Councillor Skinner stated that his preference would be to give SLM a loan, set up on a monthly basis with them paying no interest in the first year, no redundancies are made until the end of the financial year, and the Company paid no dividend payments.

Councillor Cornell referred to the decision box confirming that the outcomes would be closely monitored.

Councillor Ross could not commend enough the work and time that the Strategic Director of Communities and the team of Officers had put into this report.

Councillor Pearson stated that SLM had a lot of outlets, conditions should only be relevant for them to fulfil their contract in Stroud. Stratford Park is only one of an organisational structure of facilities across the land, it may not be feasible for SLM to agree to not paying out dividends.

Councillor Cooper agreed some help should be provided, and was happy that the Group Leaders would be involved with the consultation.

The Monitoring Officer referred to the exempt appendices and also paragraph 6 of the report. Members needed to make a decision whether to go with the recommendation or offer a loan and suggested amendment to the recommendation box. He said that the Council is offering assistance to SLM, but that the basis of this had to be clear. He said that the arrangement would be based on a monthly open book but that someone needed to propose a loan or to go with the recommendation. If the feeling of the meeting was to go for a loan, then there would need to be an amendment in the decision box.

Councillor Pearson was not happy with a loan, but was more comfortable with a combination of grant and loan to be worked out with SLM with the agreement of Officers and Group Leaders because it gave more flexibility. Councillor Cornell did not personally support the option of a combination of grant and loan. Councillor Pearson stated that after negotiation it may come out as a £10k grant and £160k loan to give flexibility, he was unhappy with a loan.

Councillor Cornell stated that there could be no more negotiations with SLM. Committee had the options in front of them, a combination of a grant and loan was not an option.

Councillor Davies stated it could be simple, if the first £85k was a grant and the second £85k as a loan, subject to a review, we would not be delaying anything. Committee could make a decision of a £85k grant tonight.

Councillor Cornell stated that if we do not have agreement we may need to take a vote on this. Some Members were in favour of a loan and others a combination of a loan and grant. For clarification Members had agreed conditions that they did not want any redundancies until the end of the financial year. Support would be closely monitored. Lobbying would continue for support of the private leisure industry to Government.

Councillor Pickering proposed an amendment to paragraph a. of the decision box by replacing the word 'sum' with the word 'loan'. This amendment was seconded by Councillor Ross.

There were no questions Members moved into debate.

Councillor Hurst believed there should be a grant and loan element. The grant value for the improvements SLM were going to undertake, and also non-contractual elements of what they do at Stratford Park in their contract. He was unhappy about it all being a loan.

Councillor Townley stated that Committee had to make a difficult decision and thought Committee should agree wholly on a loan basis. This was discretionary support and the best way forward.

Councillor Skinner supported the amendment which did not preclude the Council from giving SLM a grant or a loan in the future.

Councillor Ross stated Members should agree with this option. Officers had undertaken a lot of negotiations and supported the amendment.

The Accountancy Manager suggested the following revised wording:-

An amount not in excess of £170,000 is ringfenced from Council reserves to fund a loan to SLM to fund a monthly payment to SLM to assist in the reopening of Stratford Park Leisure Centre, if required.

Both Councillors Pickering and Ross agreed these textual changes.

Councillor Cornell asked Members to vote on the amendment.

On being put to the vote, the amendment was unanimously carried.

Councillor Cornell confirmed that Members would be voting on the amended motion. The Council would do what it could to support SLM. They had already had funds from us and we would be monitoring the situation and a report would come back to this Committee or Community Services and Licensing Committee with an update on how our leisure facilities are faring.

On being put to the vote, the substantive Motion was unanimously carried.

RESOLVED

- a. An amount not in excess of £170,000 is ringfenced from Council reserves to fund a loan to SLM to fund a monthly payment to SLM to assist in the reopening of Stratford Park Leisure Centre, if required.**
- b. Responsibility for the allocation and monitoring of services, outputs and payments to SLM is delegated to the Strategic Director of Communities in consultation with the Strategic Director of Resources and S151 Officer, the chair of Strategy and Resources Committee and the Chair of Community Services and Licensing Committee. All payments will be contingent on full and open access to operational accounts and service activity being provided.**
- c. The Council is committed to delivering the real living wage. Any allocation to SLM is contingent on this being introduced in September 2020.**
- d. Authority is delegated to the Section 151 Officer and Head of Legal Services to negotiate and conclude any legal documentation necessary arising from any decision made in consultation with the Group Leaders.**

Chair