

**REPORT TO: STRATEGY & RESOURCES**

Date: **7<sup>th</sup> December 2020**

**TOPIC: LEISURE CONTRACT PAYMENTS**

**REPORT BY: CONTRACTS DELIVERY MANAGER**

## 1 INTRODUCTION

- 1.1 Under the terms of the interim leisure contract between Parkwood Leisure and North Devon Council (NDC) in line with Government PPN Guidance, Parkwood can claim for financial support from NDC to help cover losses incurred due to Government imposed restrictions on the leisure industry.
- 1.2 To date, NDC has made payments to Parkwood Leisure totalling £158,000 to cover losses for the period April–July 2020.
- 1.3 Parkwood have now issued claims to the council for further payments for the months of August and September. This report recommends that NDC agrees to make payments to cover these latest claims.
- 1.4 No financial assistance is required for October and it is anticipated that any future losses can hopefully be covered using the recently announced funding provision for Local Authority owned leisure facilities from Sport England.

## 2 RECOMMENDATIONS

- 2.1 That North Devon Council makes a grant payment of £59,000 to Parkwood Leisure to cover losses experienced in the months of August & September due to Covid 19.

### 2.2 REASONS FOR RECOMMENDATIONS

- 2.3 To ensure continuation of service, prevent job losses and provide community leisure facilities for thousands of North Devon residents.

## 3 REPORT

- 3.1 The interim leisure contract between NDC and Parkwood Leisure contains clauses to address difficulties caused to both client and contractor by the COVID 19 pandemic. These clauses were added to the leisure contract through a deed of variation in accordance with central government Public Procurement Guidance Note PPN02/20.

- 3.2 The contract clauses mentioned at 3.1 provide a mechanism for Parkwood to submit monthly claims to NDC for losses experienced during the months of April – June 2020 (defined as the COVID Relief Period). The COVID Relief Period can be extended by mutual agreement between the two parties and this was done in October to allow further payments to be made by NDC to Parkwood to cover losses for June and July 2020.
- 3.3 Parkwood’s most recent claims show a loss £48,000 in August and £19,000 in September. NDC’s Head of Resources has scrutinised the claim and is agreeable to a payment of £59,000 to Parkwood for August and September losses incurred, representing £40,000 for August and £19,000 for September.
- 3.4 The implications of NDC not continuing with financial assistance to keep the leisure contract viable and Parkwood invoking the contract termination clause were outlined in a previous report to the strategy and resources committee in October 2020. Since that report was tabled, the leisure centre has been forced to close again, due to a second national, COVID lockdown. This is unfortunate as Parkwood were showing almost no losses for the month of October and appeared to be on the road to recovery, with no further financial assistance required from NDC.
- 3.5 Sport England has now announced a recovery fund for leisure, specifically for centres owned or operated by local authorities. Specific funding details are still to be released, but it has been confirmed that NDC will be eligible to apply for funding to cover the losses experienced since the first lockdown began this summer.

#### 4 RESOURCE IMPLICATIONS

- 4.1 The financial support for August and September had been included in NDC financial projections and can be covered in part using some of the £1.57 million Covid-19 support grant from central government provided to NDC towards additional costs being incurred.
- 4.2 As noted in the October Strategy & Resources report entitled “Leisure Contract Payments”, Parkwood are currently, unable to claim government support for losses in revenue.

#### 5 EQUALITIES ASSESSMENT

- 5.1 No equality issues anticipated.

#### 6 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3, Annexe 1.1(d)	“Delegated”

## 7 STATEMENT OF CONFIDENTIALITY

7.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

## 8 BACKGROUND PAPERS

8.1 The following background papers were used in the preparation of this report:

- Urgent Decision Notice dated 30<sup>th</sup> April 2020
- Urgent Decision Notice dated August 2020
- Strategy and Resources report October 2020 entitled “Leisure Contract Payments”

The background papers are available for inspection and kept by the author of the report.

## 9 STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

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Reference: Document5

Date: 23/11/20