

Public Document Pack



RUSHMOOR BOROUGH COUNCIL

CABINET

*to be held remotely on
Tuesday, 23rd February, 2021 at 6.00 pm*

To:

Cllr D.E. Clifford, Leader of the Council
Cllr K.H. Muschamp, Deputy Leader and Customer Experience and Improvement
Portfolio Holder

Cllr Marina Munro, Planning and Economy Portfolio Holder
Cllr A.R. Newell, Democracy, Strategy and Partnerships Portfolio Holder
Cllr M.L. Sheehan, Operational Services Portfolio Holder
Cllr P.G. Taylor, Corporate Services Portfolio Holder
Cllr M.J. Tennant, Major Projects and Property Portfolio Holder

Enquiries regarding this agenda should be referred to Chris Todd, Democracy and
Community, on 01252 398825 or e-mail: chris.todd@rushmoor.gov.uk

A G E N D A

1. **LEISURE CONTRACT - ARRANGEMENTS FROM APRIL, 2021** – (Pages 1 - 36)
(Cllr Maurice Sheehan, Operational Services Portfolio Holder)

To consider Report No. OS2101 (copy attached), which sets out options for the future provision of leisure services across the Borough, following the expiry of the current contract with Places for People Leisure on 31st March, 2021.

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CABINET

COUNCILLOR MAURICE SHEEHAN
OPERATIONAL SERVICES PORTFOLIO HOLDER
REPORT NO. OS210123rd February 2021

KEY DECISION: YES

LEISURE CONTRACT - ARRANGEMENTS FROM APRIL 2021**SUMMARY AND RECOMMENDATIONS:**

The Coronavirus pandemic has had a profound impact on the leisure industry, with facility closures and income significantly reduced for the majority of the last 12 months. At the time of writing, lockdown restrictions remain in place with no timetable for the release of restrictions or re-opening of facilities which create associated financial risk for at least the next financial year.

The Council's existing Leisure Operating Contract for the Farnborough Leisure Centre (FLC) and the Aldershot Indoor Pools Complex (AIP) with Places for People Leisure (PFPL) expires at the end of March 2021. Given the uncertainty and continuation of restrictions associated with the coronavirus pandemic this report outlines a range of options for the Cabinet to consider for the Council's leisure services following the expiry of the PFPL contract.

RECOMMENDED that**Farnborough Leisure Centre**

- (1) Due to the current position with the leisure market and the increased costs and other risks associated with the ongoing operation of the Farnborough Leisure Centre that the facility remains closed at the end of the existing contract and the Council take action to bring forward the demolition and re-provision of a new leisure facility on the Civic Quarter site.
- (2) £100,000 be allocated from the Service Expenditure (Contingency) provision included as an additional item in the 2021/22 revenue budget (subject to approval of the Council's budget at the Council meeting on 25 February 2021) to meet the costs associated with the end of the contract including decommissioning, security and preparation for demolition.

Aldershot Indoor Pools Complex

- (3) The options outlined in this report be considered in conjunction with the confirmed final offer from Places for People Limited and Cabinet determine the approach to service provision at the Aldershot Indoor Pools Complex.
- (4) A budget be approved to enable the implementation of the selected option.

1. INTRODUCTION

- 1.1 This report sets out options for the Council's leisure provision after the expiry of the current contract with PFPL on 31 March 2021. This consideration is in the context of an extended and ongoing period of closure and restrictions significantly affecting the sector due to the coronavirus pandemic. The report outlines negotiations with PFPL regarding an interim agreement to cover the provision of services for the next three to four years as a result of the cancellation of the Council's procurement for a long-term contract due to the market conditions and ongoing uncertainty resulting from the epidemic.

2. BACKGROUND

- 2.1 The Council's Leisure facilities have been run by Places for People Leisure since 2002. These facilities include the Farnborough Leisure Centre and Aldershot Indoor Pools and Lido.
- 2.2 Farnborough Leisure Centre (FLC) is a multi-purpose centre which includes but is not limited to a 33.3m main pool and 12.8m teaching pool, 100+ station fitness gym, cafeteria, 3 squash courts, 10 lane ten pin bowling, sauna and steam rooms, creche, soft play area, 10 court sports hall, 6 rink indoor bowls green and treatment rooms.
- 2.3 Aldershot Indoor Pools and Lido (AIP) includes but is not limited to a 25m main pool, 12.5m indoor teaching pool, 50+ station fitness gym, large outdoor unheated lido with 3 water flumes, diving area, paddling pool, 9 acres of parkland, 2 x 3G floodlit football pitches.
- 2.4 In December 2019 the Cabinet agreed to procure a new leisure operating service contract covering the Farnborough Leisure Centre and Aldershot Indoor Pools and Lido complex (Cabinet report OS1915). Procurement began with good engagement from the market and a bidder's day was held shortly before lockdown was announced and the leisure industry closed.
- 2.5 As a result of the extended lockdown, market engagement made it clear that to continue the re-procurement at that time would not provide a good outcome for the Council or the boroughs residents. The decision was therefore taken to cancel the re-procurement programme.
- 2.6 It was also agreed at Cabinet in December 2019 to progress with a feasibility study for a new leisure provision in Farnborough within the Farnborough Civic Quarter development site. An outline business case was presented at Cabinet in July 2020 (RP2009) to seek approval to move to a detailed feasibility study for a combined Leisure Centre and Civic Hub and this work is underway with the outcomes of the feasibility study due to be considered by Cabinet in June 2021.

3. DETAILS OF THE PROPOSAL

General

- 3.1 The Impact of the closure of leisure facilities due to the Coronavirus pandemic had a profound effect on local authorities, leisure operators and the public. Income dropped to nearly zero and whilst some staffing costs were covered by the furlough scheme, many costs remained resulting in very significant, sustained operating losses for most leisure providers including PFPL.
- 3.2 To help meet these losses and get the facilities back open, the Council agreed a package of support to PFPL on 21st August 2020 in accordance with delegation arrangements. The package committed up to a maximum of £484k additional funding in the 2020/21 financial year. This package, along with the Councils Contract with PFPL expires on the 31st March 2021. After this time, the Council has no operator in place to run either the Aldershot or Farnborough facility.

Negotiations

- 3.3 The Council had entered a period of extensive negotiations with PFPL to develop a proposal to operate the Councils leisure facilities for the three to four year period starting in April 2021 to cover the period between the contract ending and the period when it is anticipated that a new long-term contract could be in place.
- 3.4 Early discussions with PFPL highlighted that given the uncertainties that prevail in the sector surrounding coronavirus restrictions and the way in which customers will return to indoor leisure, they would not be willing to undertake the contract at financial risk. PFPL made it clear that the Council would need to underwrite any income losses over the course of the agreement, and negotiations proceeded on that basis.
- 3.5 Given the significant level of uncertainty in the leisure sector PFPL were asked to provide some financial forecasts for the operation of the facilities, demonstrating the impact differing levels of restrictions on the sector and public confidence. A breakdown of this forecasting exercise is included as a confidential appendix to this report (Appendix A).
- 3.6 Due to the relatively fixed nature of the costs of operation against highly variable nature of income, the forecast produced a wide range in the net position, all of which require subsidy from the Council.
- 3.7 The subsidy ranged from circa £550k given an optimistic view of operating conditions with a rapid return to leisure over the course of 2021/22 to Circa £1.25M where modelling assumed operating conditions similar to October & November 2020. A slower recovery within the sector could easily result in a subsidy at, or above, £2M per year.

In-house provision of leisure services at both FLC and AIP

- 3.8 Alongside the Council's negotiations with PFPL, work was undertaken by specialist leisure consultants Strategic Leisure (SL) on behalf of the Council to estimate the potential costs of bringing the service back in-house. Given the length of time since the council operated an in-house leisure service, there would be a requirement to increase support in a number of areas including HR, Finance, IT and Property.
- 3.9 The effect of this increase in combination with the additional costs associated with the terms and conditions of staff would render the option of bringing the service back in-house approximately £250k more expensive than reaching an agreement with PFPL, whilst not reducing the Council's operating risks. This option was not considered viable to pursue further for both facilities. Therefore, the Council will not be bringing the core leisure services back in house at either site.

Longer-term plans for redevelopment and the provision of a new leisure facility

- 3.10 The Council is currently working with the Rushmoor Development Partnership (RDP) to bring forward a Masterplan for the Civic Quarter Site which includes the existing Farnborough Leisure Centre. The Council's aspiration is for the Civic Quarter to become a vibrant, mixed-use place providing new opportunities for town centre living and active ground floor uses with a focus on maintaining the area as a hub of civic, community and leisure amenities. A high-quality public realm will support the development including an enhanced, flexible central green space with improved pedestrian linkages between the town centre and Farnborough Business Park
- 3.11 In 2020 the Cabinet, in report RP2009, agreed to take forward a feasibility study for a combined Leisure and Civic Hub and that work is now reaching a conclusion. Whilst a decision will not be taken by the Council for some weeks, it is possible at the current time to prioritise the redevelopment of the existing Leisure Centre location as part of the RDP phasing of the Masterplan. This means that the new leisure facility (as part of a 'Civic Hub building or a stand-alone leisure centre) could be agreed to be brought forward as an initial phase of the Masterplan. The closure of the FLC will allow for a more straightforward redevelopment programme meaning the site clearance and other enabling works can commence whilst the planning application is being prepared and submitted. This will help minimise the time that there is no leisure facility available in Farnborough.

Proposed Approach for the Farnborough Leisure Centre

- 3.12 The permanent closure of the FLC at the end of the current contract would present the Council with the opportunity to bring forward the redevelopment of the Civic Quarter at a time of significant restriction within the leisure industry. Due to coronavirus restrictions FLC is already closed to the public and for the remainder of the period of restrictions there is no additional impact on users.

Enabling an earlier demolition will support a more straightforward build programme for the new facility, during a period where operation of leisure facilities will, as a minimum, be subject to social distancing measures reducing income. The new facility will be part of a new long-term contract which will be procured once the market has stabilised. This approach reduces the financial risks associated with the continued operation of both facilities which, based on the modelling, render the service unaffordable at this time.

- 3.13 Cabinet is therefore recommended to not reopen the FLC after the expiry of the current contract with PFPL, limiting the financial risk to the Council and enabling the development of a new facility as part of the regeneration of the Civic Quarter.

Displacement of users of the facility

- 3.14 In a typical year, FLC receives around 400k visits and is home to 29 clubs and schools and a similar number of groups who regularly hire facilities.
- 3.15 Whilst for the majority of the last year, the centre has been unavailable, the permanent closure of the FLC would mean these users and clubs would need to find alternative facilities as and when the current restrictions are lifted for the next 3-4 years.
- 3.16 Once the leisure sector re-opens, alternatives are likely to be available with centres within easy reach including:
- The Aldershot Indoor Pools Complex subject to Cabinet's decision on this report
 - The Aldershot Garrison
 - Hart Leisure Centre in Fleet
 - Frogmore Leisure Centre, Hart
 - Lightwater Leisure Centre, Surrey Heath
 - Surrey Sports Park
 - The Guildford Spectrum
 - Farnham Leisure Centre
 - The new leisure centre due to open in Camberley during the summer 2021
 - Numerous local gyms
 - Local community facilities including council supported facilities at Alderwood School
- 3.17 If the decision is made to close the FLC, then the Council will work to facilitate a hand-over for displaced clubs with alternative facilities wherever possible. The Council will also ensure good communications and signposting for individual users and members.
- 3.18 A communications plan will be developed in conjunction with PFPL to advise current users of the Farnborough facility to understand the alternative options available.

Indoor bowling

- 3.19 On 16th December 2019, Cabinet agreed the facility mix for the proposed new leisure centre in Farnborough. This mix did not include provision for indoor bowling for financial reasons. At the time the Council committed to work with the Rushmoor Indoor Bowling Club (RIBC) to look at alternative options. A preferred option has been identified in conjunction with the RIBC and a feasibility study will soon commence to ascertain the viability of such a scheme.

Contractual Implications of closure of the FLC

- 3.20 The closure of the FLC at the end of the existing contract with PFPL will result in the building reverting to the management of the Council and discussions are ongoing with PFPL in relation to possible decommissioning. The centre is currently planned for use as a community testing centre until May 2021, after which time, it will be decommissioned and prepared for demolition. The Council may incur costs including the Business Rates on the premises, which has a gross rates liability of £180k per annum.
- 3.21 PFPL employ 136 staff (44 full time equivalent positions) who are based at the FLC and the closure of the facility will likely lead to these staff being at risk of redundancy. The Council has been in discussion with PFPL regarding the staffing situation and whilst the Council are keen to see job losses kept to a minimum, the process is ultimately the responsibility for the employer (PFPL). Based on the current contract and external legal advice, the Council is clear that the legal responsibility for funding any redundancies rests with PFPL as the employer, and that staff will not transfer in respect of FLC. PFPL have suggested that, in these circumstances, they may bring a contractual claim against the Council. The Council has legal advice which suggests that this claim is unlikely to succeed. The Council will continue to liaise with PFPL on this matter and the Council's Economic Development Team will work in partnership with the Department for Work and Pensions and other appropriate agencies to ensure the provision of advice and support for those affected.

Options for the Aldershot Indoor Pools Complex

- 3.22 Given the significant financial risks associated with continuing to operate the FLC in the current uncertain climate, in addition to the forecast for both facilities the Council requested PFPL to develop a financial forecast for the continuation of services at Aldershot only.
- 3.23 This forecast is also detailed in exempt Appendix A. In summary, the forecast included an assumed migration of some Farnborough based activity to Aldershot and was based on market conditions in October and November 2020. This forecast indicates a subsidy from the Council would be required of around £440k per year, based on a fixed management contract fee and forecast deficits on income. This figure is an estimate only as under the proposed arrangement with PFPL the actual subsidy would vary based on the resulting net income/deficit which will be driven by the impact of ongoing restrictions due to the Coronavirus pandemic and public confidence in returning to indoor leisure.

- 3.24 It should be noted that the payment of £440k per annum would represent a cost of £110k above that paid by the Council for the current contract operating both leisure facilities and the Lido. This reflects the transfer of financial risk caused as a result of the pandemic and uncertainty as to what that means for future income in the sector.

Key principles of any proposed agreement with PFPL

- 3.25 The Council has held a contract with PFPL for many years and it is proposed that if Cabinet decide to accept the proposal to operate the AIP from PFPL that any interim arrangement will be based on the model set out in the agreement. This arrangement is known to both parties and has been a successful foundation for the service. The following key principles apply:

- Arrangement would be for a 3-year term with up to two 6-month extensions available
- Service commencement date of 1st April 2021
- Either party will be able to terminate the service on 6 months' notice
- The contract will be on a cost + basis with the Council assuming all the financial risks made up of any net loss plus the management fee. In this regard, the Council will meet the net cost of running the facility and make a contribution to overheads and profit to PFPL.
- Spend on maintenance will be agreed by both parties to ensure good financial oversight and governance.
- The contract will operate on a fully open-book basis.
- The decision of whether to open the Aldershot Lido (and on what commercial basis) will be considered on an annual basis, subject to business case and any prevailing restrictions. The financial implications of this are therefore not included within this report.
- The arrangement is also conditional on the council paying the costs of redundancy relating to Farnborough Leisure Centre.

- 3.26 PFPL are in the process of finalising a confirmed final offer to the Council for the running of the AIP and this offer will be made available to Cabinet once received.

- 3.27 Should the Council not be in a position to accept the final offer to operate the AIP, then it will need to consider other options and these are set out in section 4 below. However, at that time, and for the foreseeable future, AIP will not re-open and the services provided by PFPL will cease.

4. Alternative options for the Aldershot Indoor Pools Complex

- 4.1 In addition to the option of entering into an interim arrangement with PFPL to operate the AIP, Cabinet should consider the other options that are available for the operation of AIP. These options are set out in detail in exempt Appendix B and summarised below:

Options	Delivery Model
Option 1: Extending the current contract with PL to bridge the gap between the end of the existing contract and development of new provision	Outsourced contract extension
Option 2: Let current contract run out. Establish an alternative delivery model.	2a. Bring contract In-House
Option 2 has a number of sub options:	2b. Establish a Local Authority Controlled Company (LACC)
	2c. Establish a new Trust/CIC
	2d. Re-procure a new outsourced contract

- 4.2 The principal considerations for each of these options are outlined in the consultant's report at exempt Appendix B.
- 4.3 On balance, the report concludes that the option of an interim contract with PFPL would be the most straightforward way for the council to ensure AIP can reopen as soon as the lifting of restrictions allow. However, if the Council are not able to reach an agreement with PFPL, then a new short-term contract with an operator will likely yield the best result for the borough, balancing all of the risks, costs, advantages and disadvantages of each.
- 4.4 The report identifies that a procurement would likely result in the AIP remaining closed for a period of 6-9 months as a minimum whilst the process is undertaken. During that period, the Council would still incur some costs including the Business Rates on the premises, which has a gross rates liability of £106k per annum, building maintenance and the costs of the procurement process. These costs could be met in 2021 from the current budgets established for the leisure service.
- 4.5 Appendix B further concludes that in preparation for a procurement, the Council may wish to consider the outcomes sought through the provision of the contract at the AIP, particularly taking account of the effects of the pandemic on local communities and the leisure market overall.

Contractual implications of not extending the contract with PFPL

- 4.6 The contract with PFPL will end on 31 March 2021 and the Council will make arrangements to take the facility back. This will include a need for condition surveys and any resultant works needed to ensure that the facility is in an appropriate condition at handover.
- 4.7 The Cabinet decision pertaining to the provision of services at the AIP will also have implications for staff that are employed by PFPL to work from the site (60 staff, equivalent to 19 full time). Whilst again this is a matter for PFPL as the employer, a transfer under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) may apply under certain circumstances. For

example, should services remain in place at AIP from 1 April 2021, then it is likely that a transfer will take place for staff employed at the facility. However as outlined above, a service evaluation and procurement process is likely to take 6-9 months to complete and should Cabinet elect to undertake this exercise, a TUPE transfer is unlikely to apply. In this case, as with the FLC, it is the Council's view that the responsibility for redundancy costs would fall to PFPL as the employer and PFPL's only option would be a contractual claim against the Council.

5. RISKS AND IMPLICATIONS

Risks

- 5.1 Temporary loss of facilities could result in reduced opportunity for residents to access local leisure facilities. This could have a consequential impact on health outcomes locally.
- 5.2 There is a risk that displaced clubs could be unable to find suitable alternative local provision. As outlined in section 3.17 of this report the Council will actively work with these clubs to find a suitable alternative.
- 5.3 The future impact of Covid-19 could lead to further operating restrictions and increased costs for both the Council and Leisure Operators putting additional strain on the ability to provide and operate public leisure facilities.

Legal Implications

- 5.4 The legal implications of any decisions to close FLC and to continue to operate AIP are set out in the body of the report and relating to the end of the current contract and the terms of a new interim arrangement with PFPL.
- 5.5 Even should no staff transfer, PFPL may pursue a contractual claim against the Council in relation to the redundancy costs incurred for the relevant staff. As noted above, we have been advised that the Council would have a very robust defence to this claim. Nevertheless, any legal proceedings include some litigation risk, and will have costs and management time implications.

Financial and Resource Implications

- 5.6 The report sets out a number of options for Leisure provision in the borough following the expiry of the current contract with Places Leisure on 31 March 2021.
- 5.7 It is worth noting that the General Fund Revenue Budget, considered by Cabinet at their meeting on 16 February 2021, includes a budget of £325k in respect of the management fee and £66k in respect of contribution to energy costs under the terms of the existing contract. These budgets will be available to support some of the costs outlined in this report.

- 5.8 Whilst the report does not outline a recommendation for members in terms of future leisure provision, the affordability of any of the options discussed in the report should be considered. As highlighted in the Revenue Budget, Capital Programme and Council Tax Level report (FIN2106), the Council is facing a significant funding gap over the medium-term. An increase in the cost of Leisure provision will, other things being equal, increase the funding gap and require the Council to identify and evaluate further savings.
- 5.9 Paragraph 3.21 of the report sets out the position regarding obligations under the terms of the contract, specifically concerning Farnborough Leisure Centre.
- 5.10 The financial implications for each site are set out below:

Farnborough Leisure Centre (FLC)

- 5.11 An allocation of £100k from the Service Expenditure (Contingency) Budget will be required to facilitate the decommissioning of the centre at the end of the contract (subject to approval of the General Fund Revenue budget by Council on 25 February 2021).
- 5.12 The report identifies a potential rates liability for the centre. The level of business rates that the Council will need to provide for will be dependent on a number of factors including the usage of FLC as a testing centre, whether empty property reliefs can be applied to FLC, and the duration of the decommissioning period prior to the commencement of demolition. For the purposes of this report, no additional budget provision will be made in respect of the business rates or premises costs and will be managed from existing budgets. Members will be kept informed of any variation through the quarterly budget monitoring reports to Cabinet.

Aldershot Indoor Pools (AIP)

- 5.13 The report outlines the option for a revised contract to operate AIP, with indications that contract costs would go above the current budget in line with Exempt Appendix A. It is worth noting that the indicative costs are based on assumptions around activity levels and income. The principles of the agreement would mean that the agreement of any contract payment is 'at risk' and the Council may need to provide additional funding over the new contract period depending on the income received from operation.
- 5.14 The report also outlines the option to seek a new operator for AIP. This would be subject to a procurement exercise and at this stage it is not clear whether this would result in a reduction or an increase in the cost and should therefore also be viewed as a financial risk.

- 5.15 Should members decide on following this option, costs associated with procurement and associated with the site (e.g., business rates, utilities) would need to be met from existing budgets. This will need to be closely monitored and will be reported to members through the quarterly budget monitoring reports to Cabinet.

6. Equalities Impact Implications

- 6.1 As with any substantial service change the Council will prepare a full equalities impact assessment and plan for mitigation of any impacts once a final decision has been made.
- 6.2 Any change reduction in the facilities available for provision of leisure services results in a reduced opportunity for residents to access local leisure facilities. This could have a consequential impact on health outcomes locally as a result of the period that facilities are unavailable. The Council will engage with the North East Hants and Farnham Clinical Commission Group and Local Primary Care networks to consider ways in which the impacts of the changes to leisure provision on the health of the population can be mitigated. This could include wider and alternative use of community venues, parks and open spaces as well as signposting to private providers and provision outside the Borough.

Farnborough Leisure Centre (FLC)

- 6.3 It is proposed that FLC will not re-open as a leisure facility once its current use as a lateral flow centre ends in May 2021. However, a new facility will be developed to replace FLC; this is likely to be open from early 2025. The new facility will be subject to community and stakeholder engagement/consultation and a separate Equality Impact Assessment.
- 6.4 Not re-opening FLC will have an impact on all existing users. Alongside Aldershot Indoor Pools and Lido there is other local provision as set out in section 3.16. The Council will provide appropriate support to existing regular hirers and users to support their relocation to other facilities throughout the period of the closure and new build. This support will include local clubs and schools. These have already been identified and should the decision not to re-open FLC be made then consultation will commence with them to identify alternative venues in accordance with their needs. The Council is also aware of users with specific needs and also schemes linked to health and wellbeing such as social prescribing which use FLC and implications and suitability of alternative provision elsewhere will be addressed in the full EIA.

Aldershot Indoor Pools Complex

- 6.5 If a decision is made that means the Aldershot Indoor Pools Complex (AIP) will not re-open once the existing contract ceases then there will be a period where there are no significant Council facilities open until a new operational delivery model is in place, which is likely to be autumn 2021.

- 6.6 Not re-opening FLC combined with an extended closure of AIP will have a wider impact as it will affect all existing users of both facilities and there will be no alternative, 'in Borough' provision available for a period of months. Again, every effort will be made to re-locate existing regular hirers and users once leisure facilities are able to re-open when government restrictions are lifted.
- 6.7 Discussions will be held with other local providers to ensure that swimming pools, sports halls, fitness suites, and studios will be open to Rushmoor residents. Engagement with these providers on behalf of all Rushmoor residents will seek to ensure that all residents, irrespective of racial group, disability, genders, sexual orientation, age, religious or other belief, pregnancy and maternity, dependents or caring responsibilities, whether they are transgender or transsexual or from different groups have equal opportunity to access leisure facilities elsewhere in the Borough, or in neighbouring areas.
- 6.8 Through the equalities impact assessment and plan the Council will seek to mitigate as far as possible the impact of the agreed changes in provision through following the principles of the Council's equality objectives and ensuring the Council's ongoing commitment for equal access to services and information for all residents.

7. CONCLUSIONS

- 7.1 In December 2019, the Cabinet approved the procurement of a new leisure operating contract for the Council's facilities alongside the development of a new centre for Farnborough. This procurement exercise was well underway when the Coronavirus pandemic was announced and very quickly, restrictions in the leisure sector led to the cancellation of the exercise.
- 7.2 The months that have followed have been extremely challenging for the sector with restrictions remaining in place and revenues only a fraction of what would normally be expected. Without very significant additional financial support from the Council, the continued operation of the FLC is not viable in the medium term. The risk remains of restrictions continuing for some time which would significantly impact the ability and/or willingness of customers to access indoor leisure facilities and therefore result in the contract requiring very significant subsidy from the Council.
- 7.3 Whilst the decision to close any facility is not an easy one, the current operating restrictions and financial pressures, together with the opportunity to bring forward the new leisure centre as part of the Civic Quarter redevelopment makes this an appropriate time to take such a decision.
- 7.4 The Cabinet must determine the best solution for the AIP and subject to affordability, ensure that leisure provision can be maintained within the borough in the medium term.
- 7.5 A new long-term operating contract can be sought in advance of the completion of the new leisure centre in Farnborough and once the sector has recovered sufficiently from the effects of the Coronavirus pandemic.

- 7.6 The proposals in this report aim to ensure leisure facilities are available within the borough in the medium term at AIP, whilst minimising the additional financial burden on the Council alongside the development of a new facility in Farnborough.

BACKGROUND DOCUMENTS:

- Cabinet report OS1915 - Procurement of a new leisure operating contract and future leisure provision
- Cabinet Report RP2009 – Farnborough Leisure and Civic Hub – Approval of outline business case and next steps

Appendices:

- EXEMPT Appendix A - Financial forecasts for the operation of the facilities
- EXEMPT Appendix B – Rushmoor Operational Delivery Options

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