
Report To:	Policy & Resources Committee	Date:	15 September 2020
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	SL/LP/104/20
Contact Officer:	Sharon Lang	Contact No:	01475 712112
Subject:	Inverclyde Leisure – Funding Requests – Remit from Education & Communities Committee		

1.0 PURPOSE

- 1.1 The purpose of this report is to request the Committee to consider a remit from the Education & Communities Committee relative to the provision of funding to Inverclyde Leisure.

2.0 SUMMARY

- 2.1 The Education & Communities Committee at its meeting on 1 September 2020 considered a report by the Corporate Director Education, Communities & Organisational Development providing an update on the recovery planning for Inverclyde Leisure and the Beacon Arts Centre and highlighting potential ongoing funding issues which will require to be considered as part of the 2021/22 budget.

- 2.2 A copy of the report is attached at Appendix 1.

- 2.3 The Education & Communities Committee decided:

- (1) that it be agreed to note the current financial position of the Beacon Arts Centre and Inverclyde Leisure and that reports will be submitted to the Committee once the revised 2021/22 business plans for both organisations are received;
- (2) that the phased recovery plans in place for the Beacon Arts Centre and Inverclyde Leisure be noted;
- (3) that it be remitted to the Policy & Resources Committee to consider Inverclyde Leisure's increased funding need of £80,000 and, if approved, to authorise the Chief Financial Officer in consultation with other relevant officers to phase the release of all support funding on terms suitable to him; and
- (4) that it be remitted to officers to liaise with Inverclyde Leisure regarding the Committee's aspiration for the opening of Port Glasgow Swimming Pool before Easter 2021 and that any funding implications of the earlier opening of the pool, should this be agreed with Inverclyde Leisure, be included in the report to the Policy & Resources Committee.

- 2.4 In accordance with (4) above, contact has been made with Inverclyde Leisure and the recommended approach would be to open the Port Glasgow Pool on 5 October 2020. The additional cost for opening Port Glasgow Pool is approximately £51,000 from October 2020 to 31 March 2021.

3.0 RECOMMENDATION

- 3.1 The Committee is asked to consider the remit from the Education & Communities Committee relative to the additional funding requests of £80,000 and £51,000 for Inverclyde Leisure as set out above.

Report To:	Education and Communities Committee	Date:	1 September 2020
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	EDUCOM/42/20/RB
Contact Officer:	Ruth Binks	Contact No:	01475 712761
Subject:	Update report on Inverclyde Leisure and the Beacon Arts Centre		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Education and Communities Committee about recovery planning for Inverclyde Leisure and the Beacon Arts Centre and to highlight potential ongoing funding issues which will have to be considered as part of the 2021/22 Budget.

2.0 SUMMARY

- 2.1 COVID-19 has had a serious impact on the whole country over the last few months. As recovery planning begins, many sectors of industry will struggle financially over the coming years. The arts, culture and heritage sector, already relying heavily on public subsidy, is expected to find the recovery process especially challenging. Across the country Arms Length External Organisations (ALEOs) linked to councils are struggling financially.
- 2.2 The Scottish route map for recovery will include guidance for opening venues and sports facilities when it is safe to do so. The need for physical distancing will mean that facilities cannot generate as much income as they would have done previously, added to which it is likely that the public will not return to facilities in the same numbers as before in the short/medium term. This will affect the amount of subsidy they may need. A delicate balance has to be struck between providing facilities for the community and the cost of opening these facilities.
- 2.3 The arts and leisure sector is often heavily reliant on casual, part-time staff or freelancers. Going forward, whilst every effort will be made to protect jobs, there will be fewer hours of employment available for casual staff.
- 2.4 Different sources of funding have been very welcome over the last few months. Both Inverclyde Leisure and the Beacon have accessed the Job Retention Scheme. The Scottish Government's Performing Arts Venues Relief Fund, has meant that it is anticipated that the Beacon Arts Centre will not need any additional funding in this financial year. There is no similar funding source for the leisure industry and in a recent report to the IL Board, a loss of £1.2million is being projected based on a mid-September opening for many of the facilities.
- 2.5 It is very difficult to predict the recovery trajectory of the leisure and arts. People will be more nervous about undertaking activities and attending busy events. The theatre industry often relies on productions which have been months in the planning, production and rehearsal phase. Given the nervousness about a possible second wave of COVID-19 and local lockdowns, companies could be more reluctant to commit to future events. The leisure industry may also suffer with people more nervous to take out subscriptions and to use facilities. It is expected that some individuals will have discovered other ways of maintaining fitness levels and will not readily return to fitness gyms etc.
- 2.6 Having said this, the combined benefits of the culture and leisure industry are huge, especially

on the physical and mental health of a community. Inverclyde is very fortunate to benefit from outstanding facilities which serve the community, provide local employment and bring many visitors into Inverclyde.

- 2.7 Within the regular COVID updates to the Policy & Resources Executive Sub-Committee an allowance of around £820,000 for increased subsidy to Inverclyde Leisure in 2020/21 has been factored in. Based on the recent report to the IL Board it is recommended that this allowance be increased to £900,000 on the basis that IL fund the balance from their own reserves. The scale of the deficit in 2020/21 and the medium term recovery issues outlined in this report make it almost certain that the Council's contribution to Inverclyde Leisure will need to be increased in the medium term. Officers have requested revised 2021/22 Budget projections from both organisations by the end of 2020.

3.0 RECOMMENDATIONS

The Education and Communities Committee is asked to:

- 3.1 note the current financial situations of the Beacon Arts Centre and Inverclyde Leisure and that reports will be brought back to Committee once the revised 2021/22 Business Plans for both organisations are received.
- 3.2 note the phased recovery plans in place for the Beacon Arts Centre and Inverclyde Leisure.
- 3.3 remit it to the Policy & Resources Committee to consider the increased funding need of £80,000 and, if approved, to authorise the Chief Financial Officer in consultation with other relevant officers to phase the release of all support funding on terms suitable to him.

Ruth Binks

Corporate Director Education, Communities & Organisational Development

4.0 BACKGROUND

- 4.1 Inverclyde has a strong reputation for sports, culture and heritage. The Local Outcome Improvement Plan (LOIP) has the support of Environment, Culture and Heritage as one of its three priorities. The LOIP states that Inverclyde's environment, culture and heritage will be protected and enhanced to create a better place for all Inverclyde residents and an attractive place in which to live, work and visit.
- 4.2 Inverclyde Council is responsible for the museum and library service. The Council funds leisure facilities through the Arm's Length External Organisation (ALEO) Inverclyde Leisure. The Council, alongside Creative Scotland provides substantial funding for the Beacon Arts Centre.
- 4.3 In March 2020, cultural and leisure institutions were closed with gyms, pools, exhibitions, events and performances closed, cancelled or postponed. In response there have been intensive efforts to provide alternative or additional services through digital platforms and to maintain essential maintenance activities with minimal resources.
- 4.4 The sports and culture sectors have had to cope with unexpected changes in their business models and the recovery process will take a long time for the sectors. Even when venues open, gyms need to have safety measures in place, performances need to be rehearsed and social distancing means that many activities will change.
- 4.5 The culture and sports sectors are already heavily subsidised through national and local funding. There are elements of the sector that are more profitable than others and these are used to fund other less profitable parts of the sector. In a recovery period where activities and performances will be limited by social distancing then there will be fewer opportunities to raise finance.
- 4.6 Going forward, business models in the culture and sport sector need to balance the needs of the community and the aims of the sector, with what is financially sustainable. This will mean that not everything can open at the same time and some facilities will remain closed longer to maximise available funding and reduce strains on funding sources.

5.0 Beacon Arts Centre

5.1 Operation of the Beacon during COVID-19 lockdown

- 5.1.1 The majority of staff were furloughed under the Job Retention Scheme and salaries were topped up. A small number of staff have now returned to work on a part-time furlough basis and other staff called upon to support activities as required.
- 5.1.2 The Beacon has run a successful online programme. This has included online programme Storytelling Sessions, Play-reading group, and The Coronavirus Time Capsule. The Beacon are supporting Weekday Wow Factor (a social enterprise company contributing to the public health agenda) in their daytime discos and are continuing to build on our relationship with them to offer an adult theatre group. This will initially be digitally with the potential to become an in-person class in the future.
- 5.1.3 Four of the Coronavirus Time Capsule group attended Company Three's final 'Gathering' via Zoom to connect with the 210 other young companies taking part.
- 5.1.4 The Beacon Youth Theatre classes will be held virtually through Zoom focussing on the senior group who will be working with Belville Community Garden Trust to produce a digital theatre piece on the theme of climate change. The creative learning officer delivered drama sessions at the summer hubs twice a week.

5.2 Recovery planning for the Beacon

- 5.2.1 The Beacon hopes to be able to continue offering digital dance classes and social café Zoom

sessions for Dance for Parkinson's. There will be a phased return to classes from digital to in-person throughout the Autumn-Winter period with the intention to return to in-person classes in the new year at full capacity with all age groups.

- 5.2.2 As there has been no announcement of dates for the re-opening of venues or indoor live performances, the rescheduling of shows originally planned for the Autumn continues and, while some main house music and comedy shows are booked for the start of 2021, it seems more likely that performances in this space will resume from March/April of next year, based on discussions within the sector.
- 5.2.3 Options for outdoor performances and the delivery of work in new ways are being considered and the Beacon is in discussion with Scottish Opera, Scottish Chamber Orchestra and local musicians and companies to make plans for these once the easing of restrictions permits.
- 5.2.4 While the pantomime co-producer, Imagine Theatre, has not yet announced the postponement of all of its pantomimes, it is clear that there is now insufficient planning time for this year's production to go ahead and, without clarity on re-opening dates and the physical distancing measures which will remain in place, the financial and operational risks of proceeding are too great.
- 5.2.5 The exhibition programme originally planned for this Autumn has been postponed until 2021, and it is now planned to mount a small number of exhibitions in the downstairs foyer to provide an opportunity for local artists to exhibit their work and for visitors to enjoy visual art on visits to the café. Planning for this programme is in the early stages and will be developed in line with the easing of restrictions for venues.
- 5.2.6 Since the easing of lockdown restrictions the BBC has twice hired the Café space – once for the broadcast of Good Morning Scotland on Radio Scotland and also for the recording of an interview for a BBC current affairs documentary. Other media companies are now beginning to hire the Beacon as a venue.
- 5.2.7 The takeaway café opened on 16 July 2020, with a limited offering of hot and cold drinks, ices and cakes. The next steps include opening of an outdoor area, re-opening of the indoor café and to begin promoting the venue for events, subject to the Scottish Government's easing of restrictions. As anticipated, demand for takeaway has been low and the next steps from 24 August will be to re-open indoors, however this may not be financially viable because hot food will need to be served.
- 5.2.8 It is very difficult to predict how the arts industry will recover. People will be more nervous about undertaking activities and attending busy events. The theatre industry often relies on productions which have been months in the planning, production and rehearsal phase. Given the nervousness about a possible second wave of COVID-19 and local lockdowns, companies could be more reluctant to commit to future events. The hugely successful annual pantomime at the Beacon will not take place. The loss of income from the Pantomime will have a significant impact upon the Beacon.

5.3 Financial implications for the Beacon

- 5.3.1 In June 2020, a grant of £2000.00 from the Community Wellbeing Fund was requested to cover costs of a new online programme (staff salaries and freelance costs) – this application was successful and funds were received. By the end of October, the Beacon will have received approximately £105K from the Job Retention Scheme. An application for support of £25K to the Creative, Tourism and Hospitality Hardship Fund in May 2020 was also successful.
- 5.3.2 An application for support of £114,000 from the Scottish Government's Performing Arts Venues Relief Fund, run by Creative Scotland, was submitted on 22 July and at the beginning of August the Beacon found out that this bid was successful. As a result, it is not anticipated that the Beacon will require any additional funding, other than the agreements already in place, from Inverclyde Council.

5.3.3 From 1 November 2020, only those casual employees that work will get paid. Until that date all casual staff are being paid 100% of a 52 week average salary largely funded from the furlough scheme. Depending on the timeline for opening, this will almost certainly have an impact on some casual employees and the hours they are offered.

6.0 Inverclyde Leisure

6.1.1 Operation of Inverclyde Leisure during COVID 19

Inverclyde Leisure (IL) furloughed the majority of staff and topped up salaries to 100%. The management team have met daily

6.1.2 Whinhill Golf Course transferred to IL at the beginning of April. Whinhill Golf course returned to operation at the end of May 2020. This was the first IL facility to reopen with new safety measures and signage in place. The online booking system has been really successful since its implementation to enable both members and pay as you go golfers to book in advance. This also enables the ability to have a track and trace system in place as required. Club competitions have also now returned, and 4 ball play is also now permitted.

6.1.3 Parklea and Battery Park are now open for bookings and public use currently is at 50 % occupancy for Parklea and minimal enquiries for Battery Park.

6.1.4 A customer survey has been undertaken with around 1000 responses received. This has helped Inverclyde Leisure to look towards the future and to inform its recovery planning focusing on priority areas identified by customers.

6.1.5 Support has been put in place for Inverclyde Council and Belville Gardens food distribution. This has included the use of the town hall and Crawfurdsburn Community centre and there have been several one-off bookings such as the blood transfusion service

6.1.6 ILT have been carrying out security checks and essential maintenance at facilities, developing a new website and producing statistical information for the Council and Government agencies

6.1.7 Resources and activities have taken place online and customer journey videos have been made to support the reopening of activities and centres. New systems have also been developed to create safe systems of work for employees and customers

6.1.8 ILT have been supporting the most vulnerable in the community through the Live Active Programme through telephone and online support

6.1.9 ILT have donated PPE to the NHS and created a temporary pop up gym at Inverclyde hospital.

6.2 Recovery Planning for Inverclyde Leisure

6.2.1 The recovery planning for Inverclyde Leisure will be phased and will always be subject to national guidance. Work has been ongoing to develop a 5 stage remobilisation plan in line with Government and industry standards. The IL Board will consider the order and phasing for the opening of facilities and different provisions. This will mean several facilities will almost certainly not open this financial year. These include the gym at Greenock Sports Centre, the climbing provision at Ravenscraig and some community facilities including Crawfurdsburn, Clune Park, Upper Gourock (Kirn Drive) and Grieve Rd.

6.2.2 Managers have undertaken specific risk assessment training and risk assessments have been completed for the opening of facilities. A staff training/induction programme has been produced and PPE, adaptations to facilities and signage are in place. Evolving national guidance may mean that some facilities can open sooner than planned, but also that others may be delayed.

6.2.3 The Waterfront swimming pool will open as soon as it is safe to do so. Also, Inverclyde

Council have agreed funding to extend the opening of the Gourrock pool until the end of October 2020. It is simply not cost effective to open all of the pools in Inverclyde and this will mean that the Port Glasgow pool will not open until at least next Easter and the leisure part of the Waterfront pool will have limited opening.

6.2.4 Although facilities will only open when it is safe to do so, people will naturally be apprehensive about returning to use gyms and leisure facilities. It is also anticipated that people may well have less disposable income as Scotland recovers from COVID-19. This means that the sector will almost definitely continue to experience financial difficulties over the coming years and have to prioritise what it can offer.

6.3 Financial implications for Inverclyde Leisure

6.3.1 All funding streams have been maximised to support Inverclyde Leisure to date. This includes approximately £119K from the Business Grant fund and £724K in relation to the job retention fund. There is no equivalent funding for leisure similar to the performing arts venue fund.

6.3.2 In a recent report to the IL Board, an operating loss of £1.19million was projected for 2020/21. This is almost all due to reductions in income and assumes the Council Management Fee including the Free Swimming payment for under 16s continue. Council officers have been engaging with IL throughout the crisis and agreed that reimbursement of payroll costs could be deferred to ensure that the organisation has sufficient cash to keep operating. This however does not address the “going concern” requirement and following Committee approval the Chief Financial Officer provided a letter of comfort to Inverclyde Leisure for their Auditors and Charity Regulators.

6.3.3 It is clear that the underlying income loss issues will not all be addressed by 31 March 2021 and as such, IL will require to either reduce costs and receive increased subsidy in the medium term. Officers have requested a revised 2021/22 Budget from IL prior to the end of 2020 in order that any implications for the Council’s Budget can be considered.

6.3.4 The unaudited accounts for Inverclyde Leisure show that the organisation had £468,000 in Unrestricted Reserves at 31 March, 2020. Whilst it would be expected that IL should use some of this to meet some of the projected deficit, it is important from a resilience perspective that the organisation has a buffer in these times of extreme uncertainty for the sector.

6.3.5 Inverclyde Leisure will make best use of the furlough scheme for employees. With a reduced opening of facilities and reduced opportunities for activities, then the hours available for casual employees will be affected.

7.0 IMPLICATIONS

7.1 Finance

Within the regular COVID updates to the Policy & Resources Executive Sub-Committee, an allowance of around £820,000 for increased subsidy to Inverclyde Leisure in 2020/21 has been factored in. Based on the recent report to the IL Board it is recommended that this allowance be increased to £900,000 on the basis that IL fund the balance from their own reserves. The need for this sum will be monitored and support released on a phased basis on receipt of regular financial information.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Leisure & Community Services	PtOB	2020/21	Up to £900,000		Fund from COVID Fund

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Leisure & Community Services	PtOB	2021/22	TBC		Subject to further discussion/information.

7.2 Legal

N/A

7.3 Human Resources

N/A

7.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

<input type="checkbox"/>	YES
<input checked="" type="checkbox"/>	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

<input type="checkbox"/>	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
<input checked="" type="checkbox"/>	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

X

YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.

NO

7.5 **Repopulation**

This report will help to support the quality of life in Inverclyde and encourage repopulation.

8.0 **CONSULTATIONS**

8.1 None.

9.0 **BACKGROUND PAPERS**

9.1 N/A