

Commercial, Trading and Customer Focus Committee

Members of the Commercial, Trading and Customer Focus Committee:

Cllr Clayton Hudson (Chairman)
Cllr Sharon Blundell
Cllr Fleur Curson
Cllr Barry Duffin
Cllr James Easter
Cllr Tony Holden
Cllr William Kemp
Cllr Terry Laidlaw
Cllr John Overton

PUBLIC ATTENDANCE

**This meeting will be live streamed for public
viewing via the following link:**

<https://www.youtube.com/channel/UCZciRgwo84-iPyRImsTCIng>

If a member of the public would like to attend to
speak on an agenda item, please email your
request to
democracy@s-norfolk.gov.uk, no later than 5.00pm
on Monday 16 November 2020

Agenda

Date

Wednesday 18 November 2020

Time

3.00 pm

Place

To be hosted remotely at:
South Norfolk House
Cygnet Court
Long Stratton
Norwich
NR15 2XE

Contact

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South Norfolk District Council
Cygnet Court
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Website: www.south-norfolk.gov.uk

**If you have any special requirements in order to attend this meeting,
please let us know in advance**

Large print version can be made available

A G E N D A

- 1. To report apologies for absence and identify substitute voting members (if any);**
- 2. Any items of business the Chairman decides should be considered as matters of urgency pursuant to Section 100B (4) (b) of the Local Government Act, 1972.**
Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency;
- 3. To Receive Declarations of Interest from Members**
(Please see guidance form and flow chart attached – page 3)
- 4. To confirm the minutes of the meeting of the Commercial, Trading and Customer Focus Committee held on Wednesday 15 July 2020**
(attached – page 5)
- 5. Leisure Service Recovery Plan Update** (page 9)
- 6. Proposal on the future governance arrangements for the Big Sky Companies** (page 24)
- 7. IT Update** (page 29)

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.

Does the interest directly:

1. affect yours, or your spouse / partner's financial position?
2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

If the answer is "yes" to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.

Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

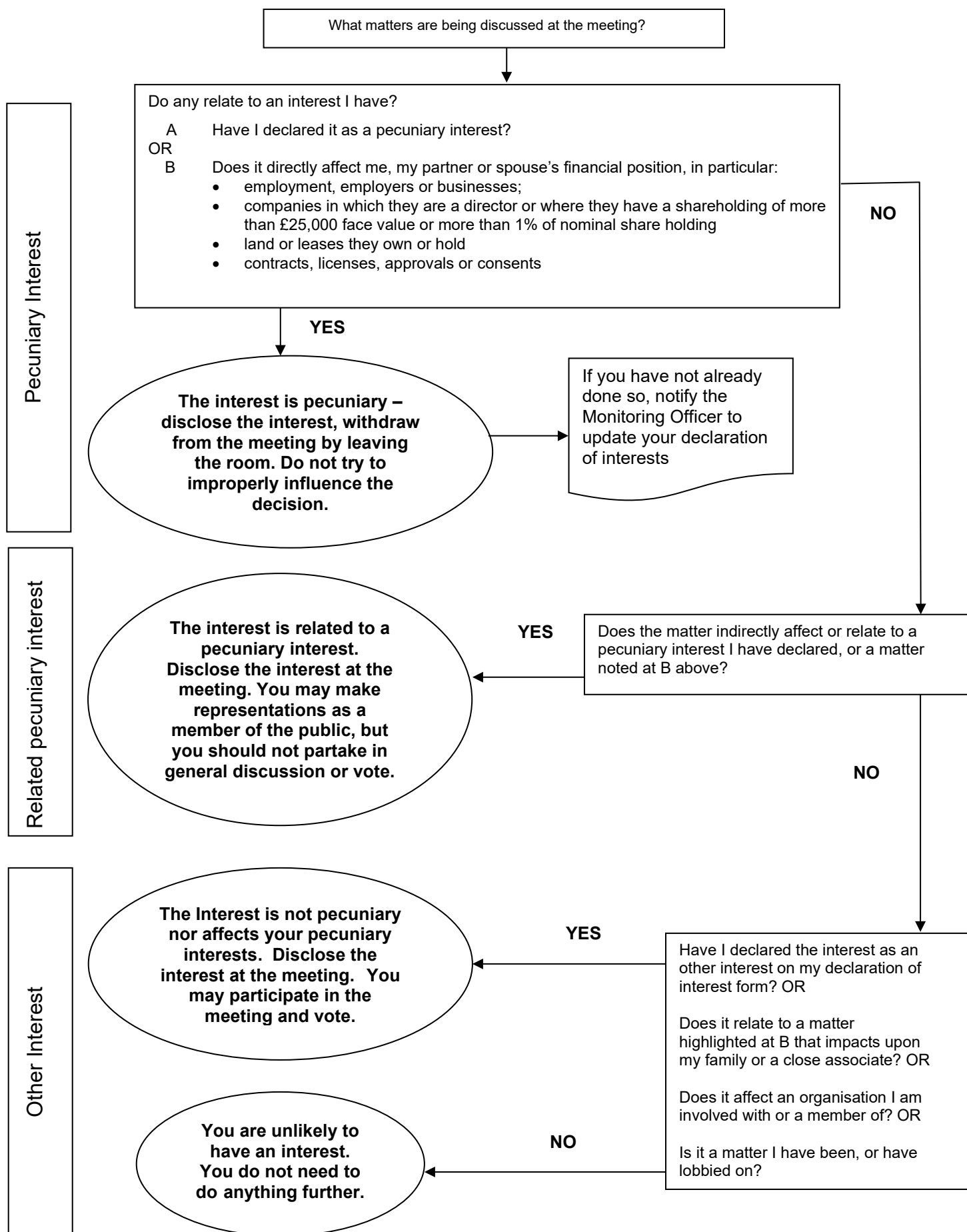
If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public but you should not partake in general discussion or vote.

Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest but may participate in discussion and voting on the item.

Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting.

**FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST
INSTANCE**

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF





Commercial, Trading and Customer Focus Committee

Minutes of a remote meeting of the Commercial, Trading and Customer Focus Committee of South Norfolk Council held on Wednesday 15 July at 10.00am

Committee Members Present: Councillors: C Hudson (Chairman), S Blundell, B Duffin, T Holden, W Kemp, T Laidlaw and J Overton

Apologies: Councillor J Easter

Cabinet Member in Attendance: Councillor: A Thomas

Officers in Attendance: The Director People and Communities (J Sutterby), the Assistant Director Communities (S Phelan), the Assistant Director of Governance and Business Support (E Hodds) and the Leisure Business Development Manager (M Heazle)

1 DECLARATIONS OF INTEREST

Cllr A Thomas declared an “other” interest by virtue of her husband being a member of the Long Stratton Leisure Centre.

2 TERMS OF REFERENCE

The Chairman explained that as this was the inaugural meeting of the Commercial, Trading and Customer Focus Committee, it was appropriate for Members to review its terms of reference, to ensure that they were fit for purpose, and to guide the work of the Committee going forward.

The Assistant Director outlined the background to her report and drew attention to Appendix A, which detailed the proposed terms of reference for the Committee. Members noted that final approval of the terms of reference had been delegated to the Assistant Director, as Monitoring Officer.

The Committee considered the clause, detailed at paragraph 3.3 of the report, which prohibited any more than three members of the Committee, also being members of the Scrutiny Committee. Members noted the reasons for this clause and agreed that it should remain to encourage wider member representation.

Turning to the areas of scope for the Committee, outlined at paragraph 2.4 of the report, the Chairman suggested, and members agreed, that the terms of reference should be expanded to include references to those areas.

Voting was carried out by way of a roll call and it was unanimously

RESOLVED: To note the proposed terms of reference and request that they be expanded to include the areas of scope for the Committee, as detailed at paragraph 2.4 of the report.

3 LEISURE SERVICES RECOVERY PLAN UPDATE

Members considered the report of the Assistant Director Communities, which provided an update on the recovery plan for the reopening of the Council's leisure centres.

The Chairman began by explaining that the report on the agenda was slightly different to that which was to be considered by Cabinet at its meeting on 21 July. This was due to the recent Government announcement (made after the Policy Committee's papers had been despatched), that the leisure provision could re-open on 25 July.

The Portfolio Holder for Customer Focus, Cllr A Thomas, introduced the report, acknowledging the huge amount of work that had gone into the recovery plan for leisure, so that customers could attend the facilities safely and with confidence. She explained that the reopening of the swimming pools had not been anticipated and that the Council's pools would not be reopening for another month, due to planned maintenance work. Unfortunately, it had not been possible to undertake the work earlier during lockdown, due to the availability of parts.

The Assistant Director Communities then delivered a presentation, detailing the operational issues, the new offer to members, marketing strategies and income losses and projections.

Members were pleased to note that an independent inspection, carried out by Right Direction, leisure industry health and safety specialists, had given the Council an excellent report, suggesting it was leading the way in its arrangements to ensure a Covid-safe environment for both staff and users. Training was underway to ensure that all staff were well versed with the new arrangements.

Officers explained that the first stage of the recovery was to re-engage with existing customers, the second to attract new members and to look at new and innovative ways in taking leisure out into the community. Members noted that officers had engaged a specialist marketing and communications agency, "Spring", to comprise a high-level delivery plan and assist in delivering a targeted opening campaign. In response to queries, officers confirmed that the campaign would initially run until October, although this would be reviewed, depending on success levels. It was hoped that the campaign would also assist with the relaunch of the swim school, which the Council would want to maximise, once the pools were open.

Regarding income projections, Members noted that the Government had announced a support scheme, which would allow the Council to claim back some of its lost income. After officers had responded to a number of queries regarding income losses and expenditure, Members agreed that the position was ever changing, and that the Council would need to revisit budgets regularly.

In response to further queries, the Leisure Business Development Manager advised Members that the leisure centres currently operated an IT system called Easy Runner, which managed the booking system. The Council had recently started working with a company that provided a tool to enable it to better understand its customer base and would also allow the Council to track and trace customers.

During discussion, Members turned to membership recovery targets and officers stressed that no one could predict how quickly the centres would recover, especially should there be a second wave of Covid-19. The Committee agreed that the Council should be striving to build the membership to a similar level to that in February 2020 by March 2021.

One Member referred to the change in behaviours whereby office workers previously travelling into the office in Norwich, were now working from home, and also the fact that other leisure provisions might not open as early as 25 July. Officers acknowledged that this might provide opportunities to attract new memberships, however, stressed the need for a careful balance in ensuring that there was sufficient capacity at the centres for existing members.

In response to a Member's suggestion regarding a targeted "Covid-Fit" campaign, the Leisure Business Development Manager advised the Committee that officers were currently looking to reframe the GP referral scheme. The Director People and Communities explained that community-based activities and the health and wellbeing of residents, would be a theme of the second phase of the recovery, but stressed that a clear focus on financial pressures was currently needed.

Referring to the recommendations of the report, the Committee agreed that it should also demonstrate its support for the additional recommendation in the revised Cabinet report, which proposed that changes to the pricing structure should be delegated to the Director People and Communities, in consultation with the Portfolio Holder for Customer Focus.

Voting was then carried out by way of roll call, and it was unanimously

RESOLVED: TO RECOMMEND THAT CABINET:

1. Notes the progress being made by officers in ensuring that the facilities are able to reopen in the safest possible manner.
2. Notes the facility offer being presented to customers at the first phase of reopening, the £20 loyalty offer and the engagement of a specialist marketing and communications agency to deliver the reopening campaign.
3. Notes the income projections for the service based on the membership targets set.
4. Notes the potential level of financial support the Council may be able to reclaim from the Government for the loss of income.
5. Notes that the membership fees will be reviewed after the initial two months introductory offer and to agree that any prices increases are delegated to the Director People and Communities, in consultation with the Portfolio Holder for Customer Focus.

(The meeting concluded at 11.05am)

Chairman

LEISURE SERVICES RECOVERY PLAN UPDATE

Report Author(s): Simon Phelan,
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Leisure Business Development Manager
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Portfolio Holder: Cllr Alison Thomas

Ward(s) Affected: All wards

Purpose of the Report: This report provides an update on the recovery plan for the Council's leisure service.

Introduction

1. On 21 July, South Norfolk Council's Cabinet considered a report on the recovery plan for the leisure service. At the time of that report, the Council was intending to partially reopen facilities at Wymondham Leisure Centre, Long Stratton Leisure Centre, Kett's Park and Framingham Earl Sports Centre, which subsequently happened on the 25 July. Diss Leisure Centre reopened on the 7 September.
2. The Prime Minister's announcement on 31 October of additional nationwide restrictions for a period of at least 4 weeks from the 5 November means that the Council will now have to close all of its leisure centres again until at least 2 December. It is hoped that, at that point, infection rates will be at a level that will allow the Council to reopen the centres, however, planning is underway to ensure that a comprehensive on-line offer will be able if we are unable to reopen in December.
3. This report outlines the key streams of work that have been undertaken since the reopening of the centres and provides elected members with both a review of that work and potential risks and challenges that the service faces over coming months and years. It also provides a range of potential options for members to consider for both increasing income levels and reducing costs.

Operational matters to ensure the facilities are Covid Safe

4. One of the key messages we received from members and users was that they

wanted to be confident that our facilities were safe before they would return. All facilities had been working to new Covid-19 procedures and policies, which have been developed in consultation with leisure industry health and safety specialists Right Directions. This has included a number of interventions that aim to keep customers socially distanced when using the facilities and enhanced hygiene regimes, as well as booking systems being put in place for all users to ensure that capacity within all areas can be managed safely. Feedback from members on the measures that we have introduced has been very good with numerous examples of positive feedback having been received on our social media channels.

5. Following the completion of our new Covid-19 procedures, we invited Right Directions to carry out an independent inspection of all our leisure centres. The inspector was very impressed with the Council's set ups, with the final report stating *'From a personal viewpoint, I feel your model may have gained Government assent at an earlier phase had this been universal across the industry'*.
6. Officers had continued to monitor the way in which our customers were using the leisure centres and making changes accordingly, within the parameters of the guidance available from Government at the time. An example of this was the reopening of the dry-side changing rooms and showers at Wymondham and Long Stratton leisure centres, which happened on 2nd November.
7. The planned capital works to the pool plant at Wymondham Leisure Centre and the changing rooms at Diss Leisure Centre were able to be brought forward from their planned timing of December 2020/January 2021 and were both completed by mid-September. This has meant that the Council will no longer have to close both of these facilities over the coming months, ensuring continued operation. The importance of this, in being able to continue to generate income, especially from Swim School, cannot be understated. The example of the UEA Sportspark and the announcement of the prolonged closure of its pool over the winter (which has subsequently been reversed due to travel restrictions) and the adverse publicity that this brought at the time is something that the Council is thankfully now able to avoid.
8. Appendix 1 graphically shows the route map of when specific services were reopened.

Participation and Usage

9. At the time of writing, live fitness memberships currently stand at 1,689 compared to 3,787 pre-Covid, an total of 343 members have cancelled their membership, while over the same period we attracted 239 new members, which represents a rate of growth higher than we would normally see over the same period. For swim school the current numbers are 1,299 compared to 1,900 pre-Covid. In discussions with Alliance Leisure this compares very favourably with the industry as a whole and we are in the 2nd quartile for overall footfall performance using DataHub comparator information.
10. Prior to the Covid-19 pandemic, two of the service's main internal performance management indicators were the number of Direct Debit fitness members across the various sites and the number of children enrolled on Swim School at Wymondham and Diss. This was due to the importance of these two income streams on the service's overall income. The table below outlines the way in which the pandemic has affected

both of these metrics. The financial impact of the drop in overall participation levels will be considered later in the report.

	Fitness Direct Debits Taken		Swim School Direct Debits Taken	
Month/Year	2019	2020	2019	2020
March	3319	3978	2109	2223
April	3662	0	2143	0
May	3742	0	2194	0
June	3752	0	2191	0
July	3809	0	2143	0
August	3689	897	2100	0
September	3621	1119	2180	0
October	3596	1387	2224	1138
November	3855	1424	2061	1228

11. The service also measures footfall as a proxy for the success it has in attracting people to the centres across all products, not just fitness and Swim School. The table below outlines the way in which the pandemic has affected this particular metric.

	Footfall across all sites & all products	
Month/Year	2019	2020
March	82,217	44,434
April	85,958	0
May	81,051	0
June	80,370	0
July	83,520	2,268
August	75,855	11,467
September	85,346	29,644
October	92,535	39,442

12. It is clear that the pandemic has had a catastrophic effect on participation within the Council's leisure centres, which is something that Sport England feels is reflected across the general adult population as a whole. This is of particular concern when considering that evidence suggests the general health and wellbeing of individuals is of key importance in the outcome should Covid-19 be contracted.
13. Appendix 2 shows a number of other metrics that are useful in demonstrating the impact of the pandemic and closure of the facilities on participation in certain activities at the leisure centres. In addition to this, we can also now calculate the social value that participation by our customers brings, using the DataHub tool. This estimates that the social value of participation (the benefits to health, subjective wellbeing, educational attainment and crime reduction) in October 2020 was £157k, which while down from £297k in October 2019, still represents a value twice that of the income received. For context, prior to Covid19, social value across all of the Council's sites was estimated to be worth approx. £3.5m a year.

Marketing and Communications Activities

14. When it became clear that the Government would be looking to allow leisure centres to reopen in the summer, the Council procured the services of an external marketing and communications agency Spring, to provide additional support to the Council's internal team.
15. Spring devised a campaign programme that looked to focus on the retention and return of existing members to start with, before looking to acquire new ones later in the campaign. The two key messages that were conveyed to members were 'We're ready when you are' and 'Active with Confidence', messages that looked to reassure our customers that the environment that they were coming back to was one that was safe and Covid-secure. A reduced membership/loyalty offer of £20 was also pushed heavily in order to get existing members to return.
16. At the end of September when the campaign finished a total of 1,665 members had returned, with the campaign reaching a total of 328,887 people.
17. Following the end of the contract with Spring, the Council's in-house marketing and communications team have continued to support and develop the Leisure service, with additional assistance (at no cost) from TA6, a the leisure-specialist marketing arm of Alliance Leisure, with whom the Council partnered with to redevelop Long Stratton Leisure Centre. A comprehensive campaign was under way, focussing on the health and safety processes that have been put in place to keep customers as safe as possible, which included the following:
 - Adverts within the local press which contained a voucher for a free gym/class/swim between the hours of 9am and 4pm, on weekdays, times where our centres are generally quieter, specifically targeting those that may not be on social media and older users;
 - Numerous emails to existing and frozen members outlining changes to operations e.g. the reopening of changing rooms and showers;
 - A comprehensive social media programme;
 - Calls to frozen members to persuade them back into the centres.

Examples of some of the marketing materials that have been produced are included in Appendix 3

18. In October, a frozen members survey was distributed to those that had not yet restarted their memberships. At the time of writing, responses to the survey are still being received, but approximately 370 had come in. Salient points to be aware of include the following:
 - 75% of respondents were aged over 40, with 20% being over 65.
 - 83% of respondents were using ta centre twice a week or more prior to Covid-19 closure.
 - Worries about health and safety around Covid-19 was the most frequent reason given for why members had not yet returned with 49% of respondents citing this.

- In open-ended questions, shielding (either themselves or a household member) was given as a reason for not returning, and many said they would not do so until a vaccine has been successfully developed.
 - Additionally, some members do not like having to pre-book a gym or swim session, and some mentioned the absence of the dry-side changing rooms and showers which were reopened on 2 November.
19. Officers will use the results of this survey to introduce further changes to operations to encourage more members to return when facilities are permitted to reopen.
20. Officers are also developing a new comprehensive online programme that will be launched at the end of November. This will be linked to existing memberships and be of far higher quality than that which was delivered in haste at the start of the closure in March and April. Wymondham and Long Stratton leisure centres now have high-quality streaming devices and we are hopeful that this will allow us to continue to engage with those members that may be less confident about returning to the centres, especially over the winter months. With the unexpected closure and in order to keep existing members engaged we launched on the 5th November a range of live streaming classes (initially 32 a week will be available) via the service's YouTube channel free of charge until we are able to launch the new platform, at which point the class programme will be integrated into memberships and a stand-alone £10 per month pay for service introduced. On the first day a total of 356 members subscribed to the channel, with 67 watching Dance Fitness, 52 Legs, Bums and Tums and 87 Pilates. We will also be setting a number of daily challenges and activities that members can undertake.

Financial Impact

21. In June the Council's Emergency Committee agreed a new income budget for the service of £1.124m for 2020/21, which assumed no income between April and July and a blanket 50% reduction for the rest of the year. This is now looking to be optimistic based on the number of members returning, although it did not take into account the support for local authorities announced in early July by the Government, which will effectively cover up to 75% of 95% of the Council's lost income for the 2020/21 financial year, with the Council having to meet the first 5% loss of income.
22. Appendix 4 outlines the most up-to-date estimated budget for the remainder of the 2020/21 financial year. This assumes an estimated income of £535,795, expenditure of £2,740,110, meaning a net operating loss of £2,204,315. This also takes into account the closure period throughout November. It is expected this closure will put the service back further with income recovery taking longer. This overall figure is significantly reduced by our ability to recover a proportion of our lost income from the Government in this financial year (75% of 95% of lost income against 20/21 set budget) of approximately £1.7m, meaning that the overall position is that the service will require an estimated subsidy of £493,988. This is approximately £100k higher than the original budgeted pre-Covid position for the 2020/21 financial year.
23. It should be noted that Officers, in consultation with the Portfolio Holder, agreed an increase in the standard full Direct Debit membership subscription to £25 from the initial £20 loyalty offer to be effective from the start of November. The instruction for November's Direct Debit payment was taken prior to the announcement about the second closure, meaning that if facilities are able to open again at the start of

December an instruction for that month will not be taken. It should also be noted that the income figures in Appendix 4 assume that the membership fee will be increased in January back to the full pre-Covid level.

24. The Council's existing in-house operating model looks to have been crucial in allowing the additional subsidy to be minimised this financial year, a position that many other local authorities with different operating models such as commercial contracts or outsourced trusts do not have the luxury of. However, it should be recognised that the Council cannot expect central Government support to be as generous in future financial years, and that as the Council has benefitted from lost income recovery support it is likely to be ineligible to access the recently-announced £100m fund for leisure and sport, although officers will naturally assess any potential opportunities for an application to this.
25. At time of writing, officers are planning to redeploy a number of staff to other areas of the Council for the November closure period although not to the same level as in the previous lockdown, mostly due to the increased resilience within local communities at the current time.
26. It is expected that the Council may wish to consider whether its existing pricing policy is fit for purpose in a post-Covid environment, with a view to simplifying the offer so that members pay more specifying for the activities that they use, introducing a Bronze, Silver and Gold option allowing members to sign up only for the activities they wish to use, i.e. gym, classes, swim only or gym and classes or gym, classes and swim. Consideration will also need to be given as to the sustainability of certain concessionary prices. Officers will look to bring proposals for agreement in front of members in due course, for potential implementation in April 2021.
27. While it is difficult to project with any certainty the income levels that will realistically be achievable in the financial year 2021/22. Appendix 4 also includes income and expenditure projections for next financial year, these show an estimated cost for providing the service over the whole year of £1.8m. These projections assume a gradual increase in income over the year based on the pattern of growth that was being seen prior to the second closure of the Centres, but with membership fees back to pre-Covid levels.

Future Risks, Challenges and Options for generating additional income and reducing costs

28. As a sector, the future of local authority sport and leisure provision looks incredibly challenging. The financial impact of the pandemic will be softened this year by the support that the Government is making available to cover lost income, but the Council should not expect this assistance to be available to that level in future years. The leisure centre's customer base reflects the demographics of the local population, with a decent number of older people using the services on offer. It is this customer group that is most likely not to return to activities such as leisure centre use through fear of the virus and its potential impact on them and their families. The Council should therefore expect that membership levels and participation will not return to pre-Covid levels for some time, certainly not in time for the start of the 2021/22 financial year. In June (prior to the Government's support package announcement), the Emergency Committee gave a

commitment to underwrite the service's operational losses to the level of approximately £2.2m this financial year. With that level of support no longer required this year, it would be recommended that the bulk of this support could be made available in 2021/22, especially considering the role that the Council's facilities have in keeping our communities active and healthy. Officers are naturally committed to ensuring that the Council's leisure centres remain a viable and sustainable part of the sport and physical activity infrastructure for years to come and will do all they can to contribute to this effort.

29. Bearing in mind the expected financial challenges that the service will likely face in future years, the officers continue to develop strategies for reducing expenditure and increasing income.
30. We are already limiting as far as possible the use of casual staff and have a number of posts on hold that we have not recruited into. We have engaged LeisureNet Solutions, a specialist leisure consultancy, to assist us with looking at staff structures moving forward, to be in place by April 2021. Officers have instructed them to draw up revised structures, one of which will be to identify the minimum level of staffing required to deliver our exiting offer. This work is due to be completed by the end of November.

Additionally, we will investigate and develop the following interventions both to increase income and reduce operating costs:

- Continue to actively market services to both lapsed/frozen members as well as targeting new customers through a range of incentives specifically in January which is traditionally the period with high numbers of new members joining;
- Utilise the market segmentation information that we now have available from DataHub to allow us to specifically target activities and offers;
- Look to move membership prices back up to pre-Covid prices from January 2021 when the offer in Centres moves back to pre-Covid levels, industry and customer feedback is that price is not the factor limiting members returning to the facilities;
- Following advice from TA6 and wider industry practice we will shift to the option where currently frozen members will automatically have their membership DD restarted in January 2021 unless they inform us that they want to opt-out and continue to have their membership frozen;
- Following the reopening of the Centres in July the class programmes have proved to be very popular with high levels of occupancy, we will therefore enhance and increase the number of classes we provide both inside and outside, where cost-effective to do so;
- Review existing restrictions on safe occupancy levels and opening times in order to maximise usage levels;
- Explore new markets, particularly activities specifically targeted at those most concerned about returning to the Centres offering them other non-Centre based activities, work with our NHS partners to develop Wellness support packages, develop a range of community leisure activities;
- We will review the current pricing structure and also consider the sustainability of certain concession prices;
- Introduce an on-line only offer, which will initially be offered at a monthly fee of £10 and targeted at those frozen members who still not feel able to return to the Centres;

31. In terms of fundamentally reducing costs the Council may also need to consider more radical proposals in order to realise operational savings, such the temporary closure of

some parts of the leisure centres. The wet side is particularly expensive to provide e.g. the pool at Wymondham requires 10 FTE staff and a manager to operate, plus swimming instructors and heating etc. Alternatively, significant changes could be made to the opening hours, for example reducing opening hours to only one shift i.e. 8am-6pm. We could also look to close centres, for example Framingham Earl which has the lowest level of usage, but this would only save in the order of £100K plus would result in associated redundancy costs. These options would require changes to staff's existing terms and conditions and are also likely to impact on income levels too as the offer would be very limited compared to other providers, and therefore may not be as sustainable in the long term as hoped.

32. These changes are also likely to have a large impact on participation levels within the local community, resulting in a corresponding adverse impact on health and wellbeing, especially among some of our target demographics such as children and older people.
33. Looking to the longer-term view, the pandemic is likely to limit the Council's options for reviewing the future management of its leisure facilities; the market for external contracting is likely to shrink with some of the operators being in very real financial trouble. Those that do survive past this year are likely to have learned from the contractual and legal issues that they have experienced with client authorities and will build risk mitigation into any new contracts, meaning that the client is likely to be at financial risk for any future reductions in income due to any pandemic events. The same is likely to be the case with the trust model – the local authority is still likely to bear that risk in any new arrangements. The current in-house model is likely to be the most viable going forward, and one that gives the Council the greatest levels of control.
34. The service also has a number of capital projects that are being developed, subject to funding and businesses cases being agreed, for delivery over coming financial years. These will be subject to additional scrutiny before being presented to members, should officers believe that the expenditure will result in viable and sustainable facilities that will benefit the community. It may well be that the Covid pandemic adversely changes business cases for some projects.
35. Conversely, officers will also continually review the leisure market locally for opportunities to keep our residents active that the ongoing pandemic may present. It may well be that other physical activity providers are casualties of the pandemic, providing gaps in provision that may represent investment opportunities that are worthwhile exploring, these could include acquiring competitors client bases or even additional facilities.

Summary and Recommendations

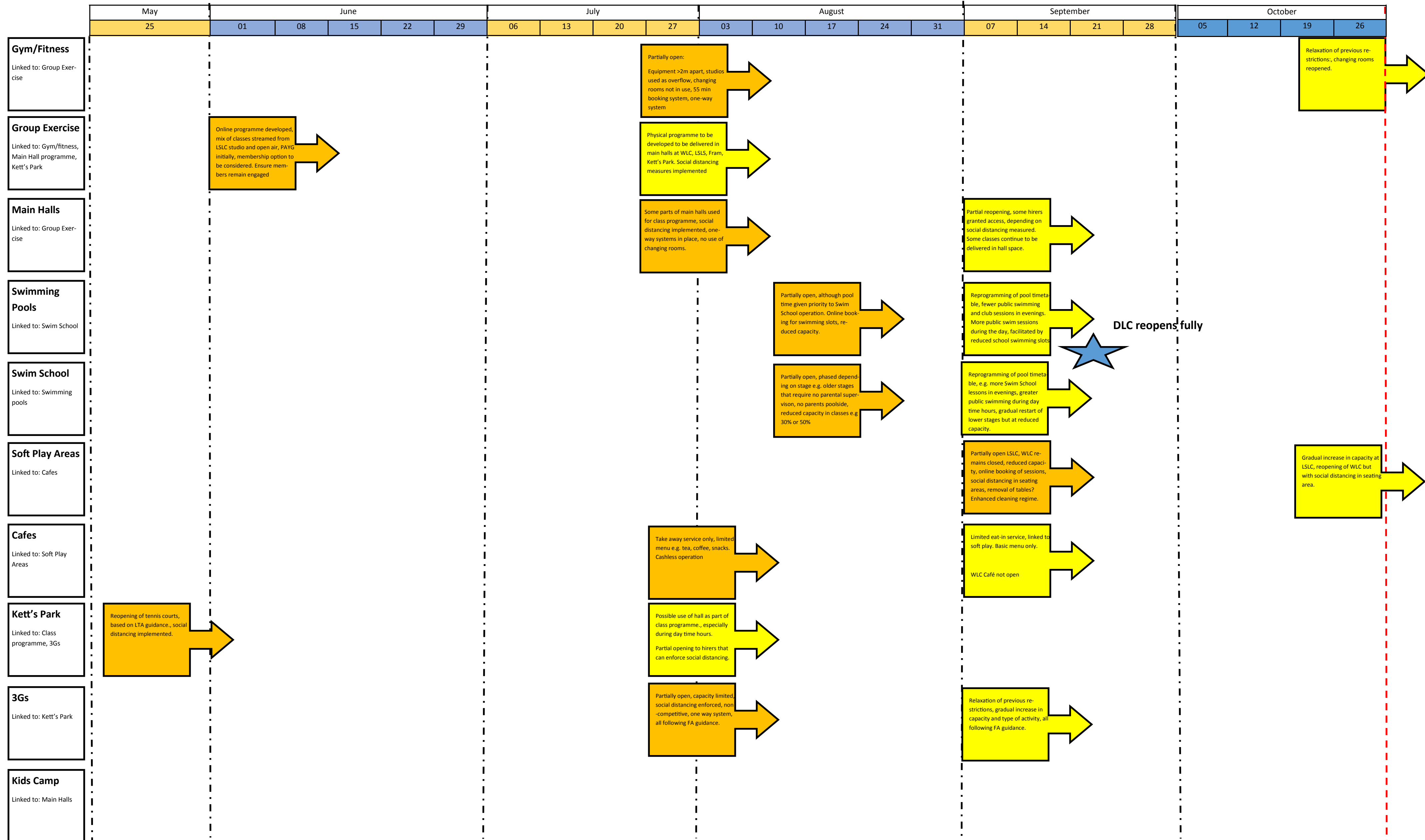
36. As per the previous reports on the subject, the leisure service is facing an unprecedented situation following the enforced closure due to Covid-19, with the relaxation of lockdown a road map was developed for the safe reopening of facilities and the development of a wider offer to ensure both staff and customer safety, while maximising income. As we approach winter and an increase in the infection rate, the service continues to face significant challenges, especially in the face of the second lockdown.
37. It is clear from the current income and expenditure projections for 2021/22 that the service will not be able to reach a cost neutral position. The current projections, despite the various options to generate additional income and reduce expenditure as set out in this report, indicate an operational loss in the order of £1.8m. In June 2020 the Emergency Committee gave a commitment to underwrite the service's operational losses to the level of approximately £2.2m this financial year and it is suggested that members recommend to Cabinet and Council that some of this commitment (up to

£1.8m) is rolled forward to meet the projected operational losses in 2021/22. This will be agreed through the usual budget setting processes in readiness for the start of the new financial year.

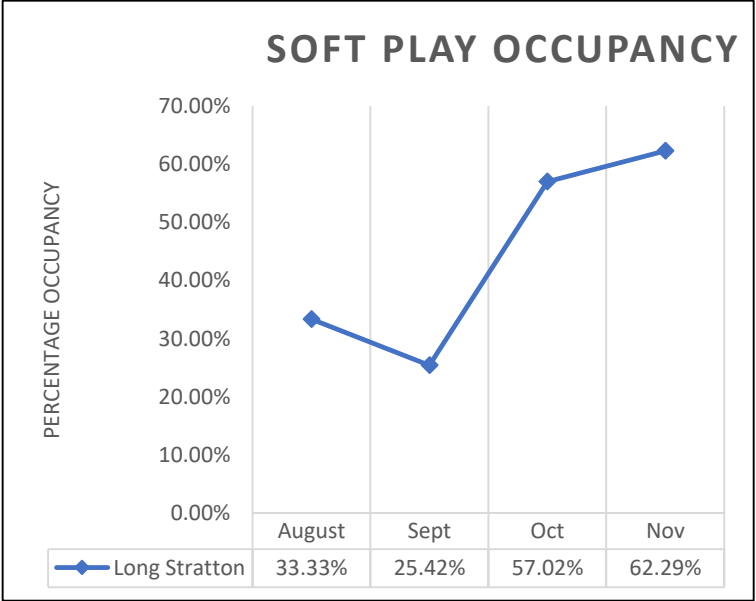
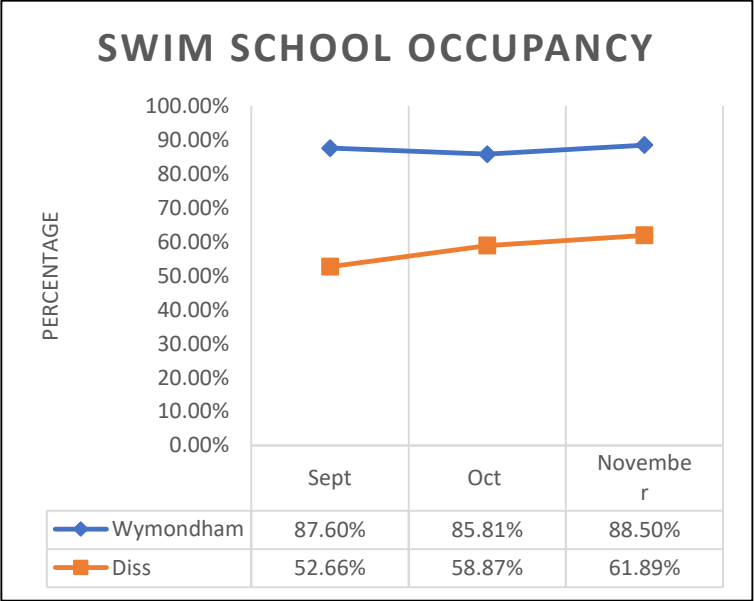
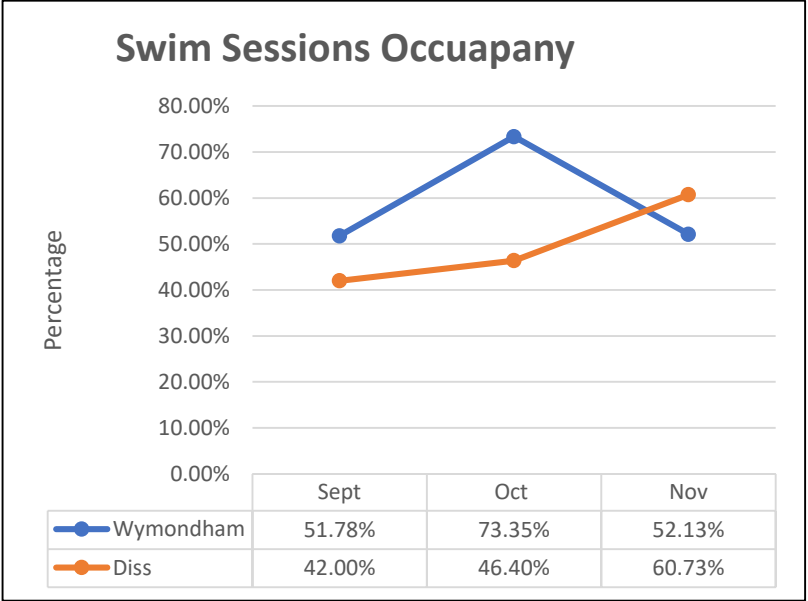
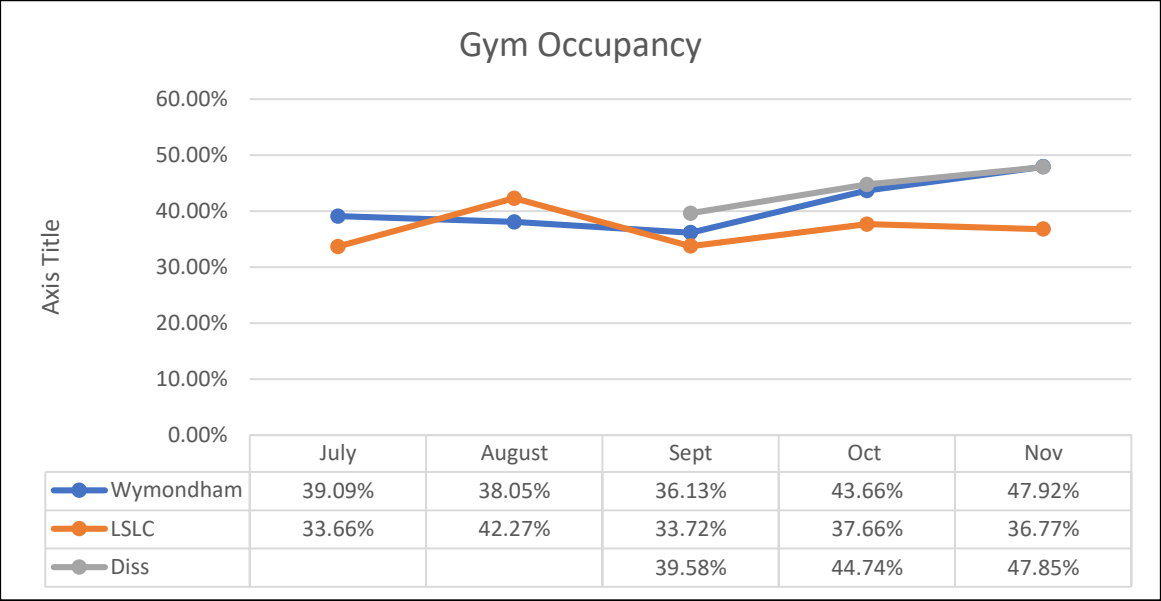
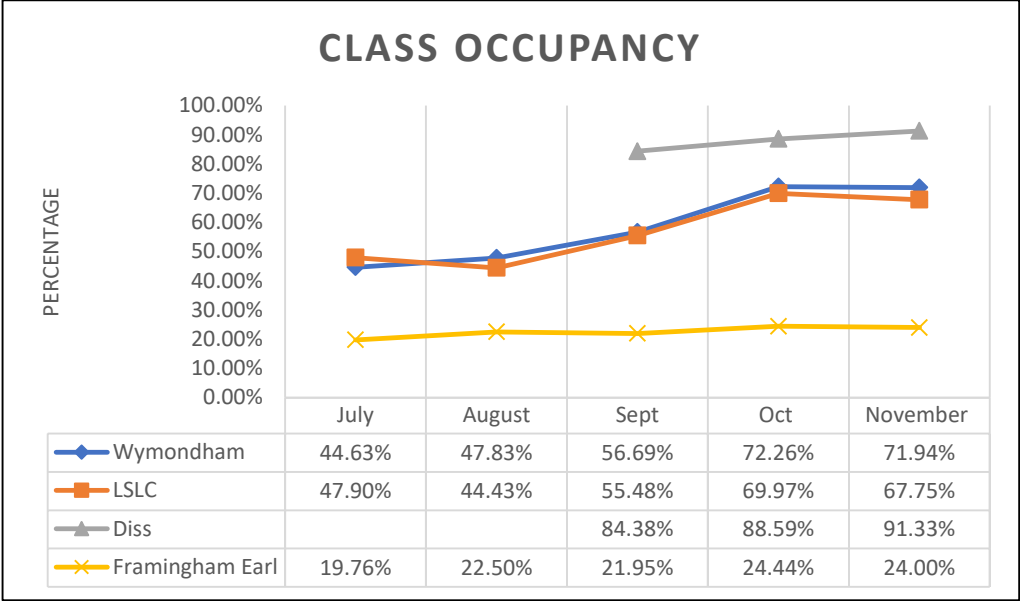
38. It is recommended that members:

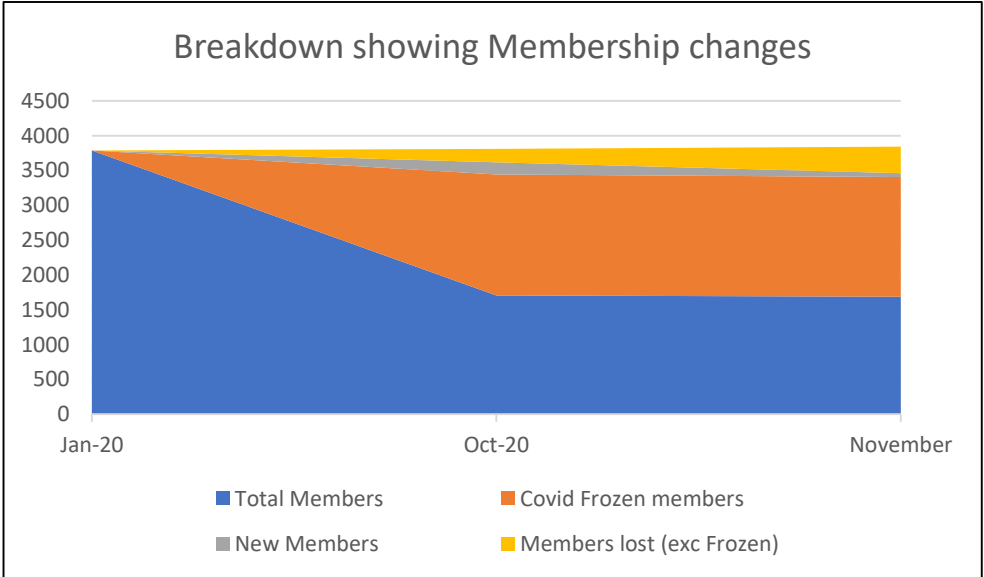
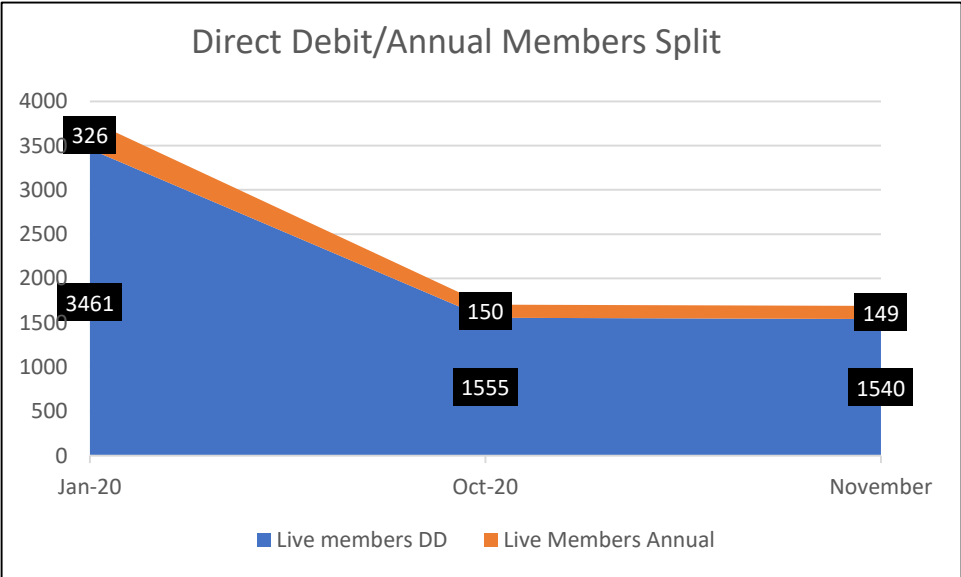
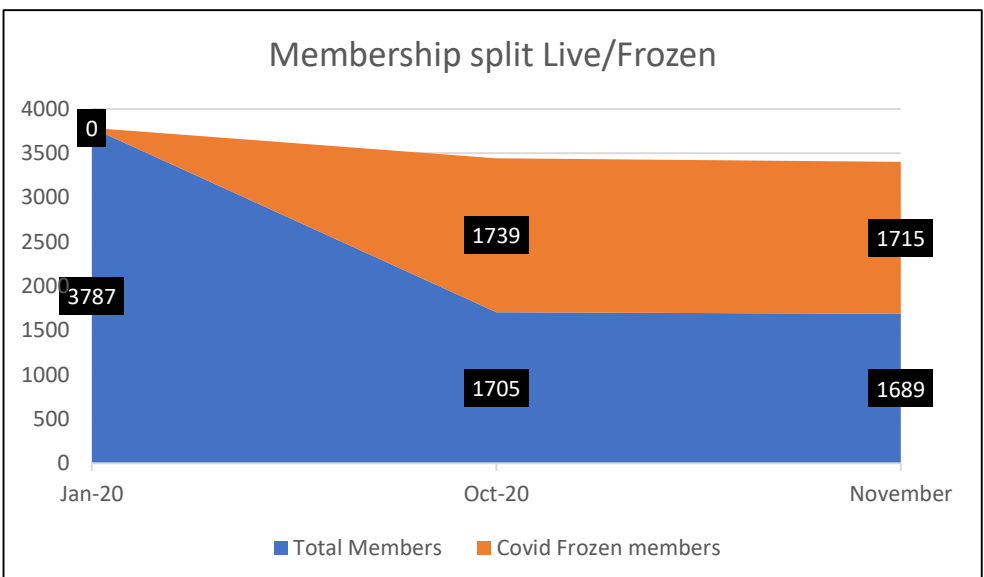
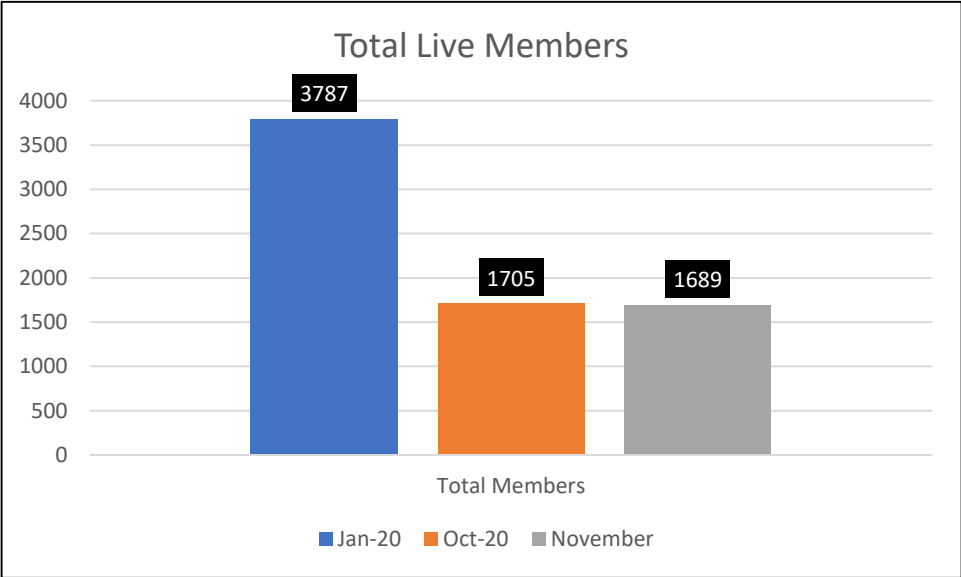
- a) Note the efforts made by officers in ensuring that the facilities were able to reopen in the safest possible manner and the progress made since those points, until the centres were forced to close again in early November.
- b) Note the financial projections for the service based on the participation, membership recovery and second closure.
- c) Recommend to Cabinet that revenue funding of up to £1.8m should be provided to underwrite the projected operational losses within the Leisure Service and allow continued operation in 2021/22, to be agreed through the usual budget setting processes.
- d) Note the future challenges facing Leisure Service in 2021/22 and possible interventions that could be taken to ensure future financial sustainability, suggesting those that should be developed into further proposals.

DRAFT SOUTH NORFOLK COUNCIL LEISURE SERVICE RECOVERY PLAN



Appendix 2







JOIN THE FIGHT TO BE FIT
There's never been a better time to get fit!
► Find our more or **JOIN ONLINE TODAY!**

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**FIT AS
A FIDDLE,
CLEAN AS
A WHISTLE**

Our Leisure Centres are clean, safe and ready to welcome you through their doors.

Try us out before you join by taking advantage of our free pass* below, or join today at: [South-norfolk.gov.uk/leisure](https://south-norfolk.gov.uk/leisure)

Leisure
South Norfolk
COUNCIL

FREE SWIM, GYM OR CLASS
Avoid the queues and join us between 9am and 4pm weekdays. Tear of this voucher and bring along with you.
Book your visit at Diss: 01379 652754, Long Stratton: 01508 531444 or Wymondham/Kett's Park: 01953 607171

*Available to use Monday to Friday, 9am to 4pm. Expires 30/11/20. For full Ts&Cs visit south-norfolk.gov.uk/leisure



Appendix 4

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Total
2021 Budget	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 32,807.17	£ 393,686.00
Forecast Net cost of service 2021	£ 126,222.00	£ 143,522.00	£ 222,584.00	£ 241,509.00	£ 194,147.00	£ 171,140.61	£ 170,000.00	£ 210,000.00	£ 180,000.00	£ 176,000.00	£ 181,800.00	£ 187,390.00	£ 2,204,314.61
Net Cost of service incl grant	£ 26,181.30	£ 18,565.89	£ 64,022.11	£ 55,722.49	£ 27,857.34	£ 9,114.83	£ 37,546.96	£ 49,046.96	£ 40,421.96	£ 46,396.96	£ 55,189.46	£ 63,921.59	£ 493,987.85
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Total
2122 Net cost of service budget	£ 199,830.36	£ 194,830.36	£ 189,580.36	£ 184,067.86	£ 178,279.73	£ 166,124.67	£ 152,754.10	£ 138,046.47	£ 129,957.28	£ 112,969.97	£ 94,283.93	£ 61,567.46	£ 1,802,292.54

Proposal on the future governance arrangements for the Big Sky Companies

Report Author(s): Debbie Lorimer
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Portfolio: Cllr Alison Thomas – Customer Focus

Ward(s) Affected: None

Purpose of the Report:

To propose that the Council's wholly owned Big Sky Companies consider a change to their governance arrangements.

Recommendations:

1. To endorse the proposed model and recommend to Cabinet that the Big Sky Board is invited to consider:
 - a. increasing the number of Directors on the Board of Big Sky Ventures by one to a total of three and
 - b. offering two of those positions to Members drawn from the Council

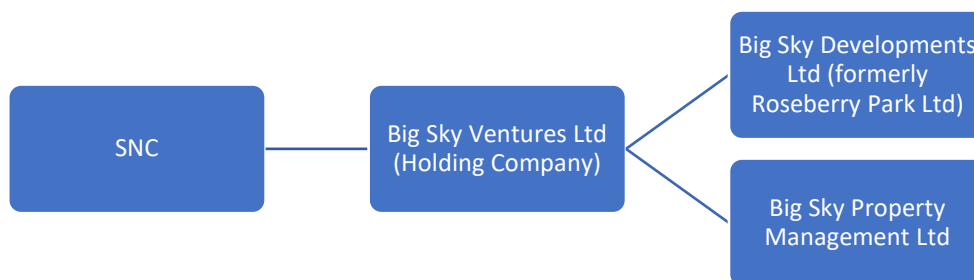
1 SUMMARY

- 1.1 This report considers a proposal to invite the Council's wholly owned Big Sky Companies to change their governance arrangements to invite two Members of the Council to join the Board of the holding company; Big Sky Ventures.

2 BACKGROUND

Company Structure

- 2.1 During 2013 and 2014 the Council explored a number of options in relation to bringing forward the development of Council owned land at Poringland and Long Stratton. Originally looking to progress the site at Poringland, the Council formed a company called Roseberry Park Limited in 2013 to develop the first phase of that site.
- 2.2 Following legal and tax advice the following company structure in relation to the Big Sky Companies was agreed at Cabinet in January 2015



- **Big Sky Ventures Ltd** – The top-level holding company with the Council as sole shareholder of this company which in turn is sole owner of the other companies in the group.
- **Big Sky Developments Ltd** – The development company set up to implement Phase 2 of the property development at Poringland and the development at Long Stratton. This company was formerly named Roseberry Park Developments Limited.
- **Big Sky Property Management Ltd** – This company manages the residential portfolio of properties which includes those properties retained from the developments for private sector rental and also the Council's commercial property portfolio.

Company Governance

- 2.3 The current governance arrangements in place reflect the arrangements that were agreed by Cabinet in January 2015. The rationale regarding the arrangements was that the two sites would have been developed by Council Officers as part of their day to day work, had there not been a legal requirement to trade as a company under the Localism Act. It was therefore agreed by Cabinet that the Council owned companies would operate with officers of the Council serving on

the Board alongside non-Executive Directors with relevant industry and specialist expertise.

- 2.4 To facilitate the appointment of the Directors, it was agreed that Full Council would appoint the Leader of the Council, as a Council representative, to act as the shareholder's representative. The shareholder would not be a Director but the shareholder representative's role at the AGM of each company would be to:
- Approve the appointment or removal of Directors,
 - to set the long-term objectives of the companies,
 - to agree the pay policy for each year,
 - and to scrutinise the Companies' accounts prior to approval by the Directors.

3 CURRENT POSITION/FINDINGS

- 3.1 The current Directors for the Big Sky Companies are listed below:

	Big Sky Ventures Ltd	Big Sky Developments Ltd	Big Sky Property Management Ltd
Trevor Holden	✓	✓	✓
Vacancy (previously Sandra Dinneen)	✓	✓	✓
Stuart Bizley		✓	
Spencer Burrell		✓	✓
Peter Catchpole		✓	✓

NB:

- Sandra Dinneen was a Director on all three companies until her resignation at the AGM on 6 November 2020
 - Julie Brown is the company Secretary for all companies
- 3.2 While the current arrangements have delivered two successful and profitable developments this has been against a background of the Council owning the land, so the level of risk was not as great as it will be going forward when Big Sky Developments will need to compete in the open market for development land.
- 3.3 Building on this success, Big Sky Developments has ambition to increase the delivery of properties going forward. The company together with the Council was successful in receiving a Homes England grant of £7.8million to take forward the development at Cringleford of 350 dwellings at an accelerated delivery rate. This is a marked step change in both the scale and speed of delivery and therefore the level of risk and the level of investment required by the Council is significantly greater.
- 3.4 The benefits to the Council of operating the Big Sky Companies are not limited to the interest it receives from the loans to the companies (6% for loans to Big Sky Developments Ltd and 4% for loans to Big Sky Property Management Ltd) which far exceed the rate of return from investments placed with banks and building societies. There are also additional financial benefits from the council tax on the

dwellings, planning and building control fees, new homes bonus, Community Infrastructure Levy (CIL) and S106 contributions. Where commercial property is part of the development that also delivers business rates income.

There are also other significant benefits such as:

- leveraging council assets to create housing,
- promoting economic growth and development and attracting additional investment such as the Homes England funding,
- co-location of homes and jobs to enhance residents' lifestyles,
- maximising the benefit to residents through optimising the use of Council reserves and preserving capital within the District.

4 PROPOSED ACTION

- 4.1 As the Big Sky companies mature and grow, operating with a greater level of investment, it is opportune to look at the future Governance arrangements to provide Members a higher level of oversight in recognition of the increased risk. While the Shareholder's Representative is clear that Members are not part of the Operational Boards and the day to day business of the companies, it is proposed that the number of Directors in the holding company should be increased from two to three and that two of these posts should be held by Members drawn from Full Council. This will give greater oversight on the security and return from the Council's investment in the companies and assist in the strategic direction of the companies in the future.
- 4.2 This report has been produced in consultation with the Shareholder's Representative working with the Managing Director of Big Sky. Members of the Committee are requested to endorse the proposed model and propose to Cabinet that the Big Sky Board is invited to consider the additional Director for Big Sky Ventures and for two of the Director posts to be held by Members alongside the Managing Director of Big Sky.

5 OTHER OPTIONS

- 5.1 Other models could be considered but this proposal strengthens the involvement of Members at a strategic level while the day to day business is carried out by the experienced Boards of Big Sky Developments Ltd and Big Sky Property Management Ltd.

6 ISSUES AND RISKS

- 6.1 The increased level of investment required to deliver a 350 dwelling site is significantly larger than the previous two developments. Investing up to a third of the Council's assets in Big Sky necessitates a change in the governance arrangements to provide greater oversight of the Council's investment in its wholly owned companies.

7 CONCLUSION

- 7.1 This report provides a revised model on the governance arrangements for the wholly owned Big Sky Companies reflective of the increased investment requested to deliver larger sites.

8 RECOMMENDATIONS

- 8.1 To endorse the proposed model and recommend to Cabinet that the Big Sky Board is invited to consider:
- a. increasing the number of Directors on the Board of Big Sky Ventures by one to a total of three and
 - b. offering two of those positions to Members drawn from the Council

Background Papers

Exempt Cabinet Paper - Update on Commercial Activities 26 January 2015

IT UPDATE

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Portfolio: Customer Focus

Ward(s) Affected: All

Purpose of the Report:

This report provides an update in relation to the key ICT projects that are currently underway, to provide an update position on the case for a committee system and to outline the possible further developments for virtual meetings.

Recommendations:

1. To note the content of the report and the updates provided with regard to the key ICT projects.

1 SUMMARY

- 1.1 This report provides an update in relation to the key ICT projects that are currently underway, to provide an update position on the case for a committee system and to outline the possible further developments for virtual meetings.

2 KEY ICT PROJECTS

- 2.1 The feasibility study outlined a number of proposed ICT projects as part of a route map of collaborative activities. These projects have subsequently been developed into an ICT work programme to support the collaborative aspirations of both Councils and to provide a robust and resilient technology platform on which to support a single Paid Service and facilitate service transformation.
- 2.2 In February 2020 Council approved the programme of work to align key elements of ICT infrastructure and corporate systems and set aside the funding required to deliver the ongoing requirements for server / storage and network replacements, mobile working, equipment purchases and improvement to the website over the next five years.
- 2.3 The development of the Councils future ICT infrastructure and system alignment work has been divided into three distinct phases:
- **Phase One** – convergence of the low-level ICT infrastructure
 - **Phase Two** – alignment of core corporate systems
 - **Phase Three** – alignment of departmental business systems
- 2.4 Phase One delivers firm foundations on which to build and develop a common shared ICT platform, its key deliverables are:
- Site to site connectivity between Thorpe Lodge / Carrowbreck House and South Norfolk House (with additional sites being added when contractually advantageous)
 - Convergence and co-existence of existing ICT infrastructure and networks (Active Directory Trust). This will continue until existing networks are merged and all services are moved to one network.
 - Early development of the new shared infrastructure into which new systems are deployed (**One Network**).
- 2.5 Phase Two delivers the alignment of key corporate system and workforce tools that are common across all departments, its key deliverables are:
- **Single email and calendar** platform (including the introduction of new domain name).
 - **Single external website** (including introduction of new domain name).
 - Single intranet, this project has been delivered utilising internal resources.
 - Flexible working solutions to enable cross site and remote working for staff. A short-term solution for this was developed and rolled out at the start of the first lockdown. An improved solution will be developed and brought forward as a project in 2021.

- Aligned **telephony** platforms has been completed, with issue resolution now being actively worked upon.
- 2.6 Phase Three delivers the alignment of departmental business systems that will be informed by transformational service reviews undertaken across the business. The **Strategic Approach to Systems Transformation** project will enable the development of a strategy for our wider systems approach and will inform the alignment of departmental business systems across the organisation. This alignment work will be subject to business cases considering financial and operational implications.
- 2.7 The above projects which are in bold, have project updates provided at **Appendix A** to this report.
- 2.8 In addition to the above, Cabinet have recently recommended to Council additional budget to provide staff with laptops, laptop bags, wireless keyboards/mice. This means that staff can transport their own equipment and will not need to share peripherals in the office or at other locations. This will in turn support the Covid secure working arrangements and enable our workforce to be more agile.

3 COMMITTEE SYSTEM AND VIRTUAL MEETINGS

Committee System

- 3.1 Covid has very much highlighted the need for Officers and Members to have the appropriate equipment and systems to enable them to undertake their work. The virtual environment within which we increasingly work in has brought with it massive opportunities; more open and transparent democracy, the ability to reach & communicate with our residents & communities in decision making and the ability to be more flexible with dates & times of meetings.
- 3.2 A committee administration system would also add to these opportunities and would not only bring benefits to the Democratic Services Team, it would assist Officers in preparing reports and will also make access to agendas etc. much easier for Members.
- 3.3 The team are starting to pull together a business case for such a solution and will look to work with this Committee and Members at Broadland District Council to take this opportunity forwards.

Virtual Meetings

- 3.4 The Council has moved forward at pace with virtual meetings and Officers and Members have taken to this evolution with positivity and recognise the opportunities that have been realised over the last eight months. The software utilised (Zoom) has also developed over recent months and it is encouraging to see the supplier responding to feedback and needs.
- 3.5 One area whereby there continues to be frustration is the voting in meetings, particularly Full Council, whereby a roll call is needed. The constitution, in line with Section 78 of the Coronavirus Act 2020 states:

Unless a recorded vote is demanded, [which may be confirmed by the requisite number of Members confirming the demand verbally when requested by the

Chairman,] the Chairman will take the vote by roll-call and the number of votes for or against the motion or amendment or abstaining from voting will be recorded.

- 3.6 The Constitution, in line with the Act, also states the following:

A Member in remote attendance is present and attends the meeting, including for the purposes of the meeting's quorum, if at any time all three of the following conditions are satisfied, those conditions being that the Member in remote attendance is able at that time:

(i) to hear, and where practicable see, and be so heard and, where practicable, be seen by, the other Members in attendance.

(ii) to hear, and where practicable see, and be so heard and, where practicable, be seen by, any members of the public entitled to attend the meeting in order to exercise a right to speak at the meeting; and

(iii) to be so heard and, where practicable, be seen by any other members of the public attending the meeting.

- 3.7 In summary Members must be heard in order to participate in meetings & discussions, and when making decisions. In addition, where it is practicable Members should also be seen. It is with this in mind, that the requirements for a roll call is needed as it is necessary for Members to be heard when voting i.e. making a decision.
- 3.8 The Act does allow for electronic voting, but this needs to be transparent. It is understood that the supplier is developing this solution so that voting can be transparent, and the team are keeping abreast of these developments to enable procedures to be updated as soon as possible.
- 3.9 The Act does also allow for voting by the affirmation of the meeting if there is no dissent. This is straight forward to achieve in small meetings and does occur however is difficult to gauge in Full Council and can be seen to lack the transparency required.
- 3.10 Finally, with an eye to the future, discussions are currently underway to understand the technical requirements that would enable a good virtual meeting to be held. It needs to be ensured that Members / Officers / Public can safely attend meetings in person when this is possible combined with retaining the ability for all to attend virtually, whilst also live streaming meetings through our YouTube

4 ISSUES AND RISKS

- 4.1 **Resource Implications** – these are managed by each project on a case by case basis.
- 4.2 **Legal Implications** – considered in each project as needed.
- 4.3 **Equality Implications** – considered in each project as needed.
- 4.4 **Environmental Impact** – considered in each project as needed.
- 4.5 **Crime and Disorder** – not applicable to this report.

- 4.6 **Risks** – all risks and issues are actively managed as part of the project management approach taken for each project.

5 CONCLUSION

- 5.1 The report has been provided to the Committee as requested to ensure they are kept up to date with the key transformation SPARK project work of the Council.

6 RECOMMENDATIONS

- 6.1 To note the content of the report and the updates provided with regard to the key ICT projects.

Spark Highlight Report

Document Version No.	V2
Date	October 2020

Programme/Projects	Completion date	Senior Sponsor and Business Lead	Comments	Project Status	RAG Status
Corporate Hub					
1 Joint Website Development & Implementation of a single website across the two Councils	Q1 21/22	AD Chief of Staff Corporate Programmes Lead	<u>Update:</u> <ul style="list-style-type: none"> Agreed content owners within the Councils Development of styled and branding flat designs for Home Page Access to online Content Management Training for Project Team Development of styled and branding flat designs for Content and Landing Pages All pages mapped and shared with Content Editors to start reviewing and categorising Member workshop to review flat designs – 7th October (the project will have a status of Amber until we have agreed these designs) <u>Priorities for next month:</u> <ul style="list-style-type: none"> Agree in house training – 15th October Agree content writing and workflow/retention guidelines – 15th October 	Active	Amber

			<ul style="list-style-type: none"> • Design feedback and signoff with Jadu – 26th October • Set up of categories and workflow to enable content migration - 30th October 		
2 Joint Email Development of a single email system on the new domain (southnorfolkandbroadland) including a migration to o365	Q4 20/21	AD Governance & Business Support Corporate Programmes Lead Transformation Manager	<u>Update:</u> <ul style="list-style-type: none"> • Recruited to the Technical Project Lead and Technical Project manager posts – 18 month Full Time Contract both key resources to the delivery of this project. • Progression of new server build and new Group policy. • Initial planning sessions conducted to design the migration process for the users/computers being migrated to the new joint network and mailboxes being migrated to the new O365 tenant. • Ongoing weekly project checkpoint calls with 3rd parties refining the technical detail and resource/skill requirements of the project plan and phases. • Installation of migration tooling (Quest) proceeded by discovery workshop to be held by the end of September 	Active	Amber

			<p><u>Priorities for next month:</u></p> <ul style="list-style-type: none"> O365 security and mobility workshop, to ensure the new joint O365 tenant provides a secure environment for our corporate email and data. – Mid October <p>This project currently has a status of Amber as there is potential risk to the project timelines, dependent on the level of complexity identified as we move forwards with the discovery and trial migration stages.</p>		
<p>3 Domain Migration</p> <p>Migrating our systems and services onto the new domain name</p>	<p>Through Q3 20/21 to Q3 21/22</p>	<p>AD Governance & Business Support</p> <p>Corporate Programmes Lead</p> <p>Transformation Manager</p>	As above	Active	Amber
<p>4 Telephony</p>	<p>Q2 20/21</p>	<p>AD Governance &</p>	<p><u>Update:</u></p> <ul style="list-style-type: none"> Phase 3 is now complete, meaning all BDC users now have access to Mitel phone system. 	Active	Green

Implementation of a single telephony system across the two councils		Business Support Transformation Manager	<u>Priorities for next month:</u> <ul style="list-style-type: none"> • Issue resolutions will be completed by the end of October. • Review of feedback received from Members relating to time taken to answer calls, replying to voicemail messages etc. • Work will continue to understand and shape future requirements, such as new hunt groups, changes and refinements to plan into future phases to leverage the benefits of a single telephony platform 		
5 One Network A phased approach of IT infrastructure development to build a single network across the two Councils	2022	AD Governance & Business Support Transformation Manager	<u>Update:</u> <ul style="list-style-type: none"> • Further technical specification to inform / shape tender requirements. • Shaping of evaluation criteria for selection of preferred supplier. • Recruitment to the posts of 3rd Technical Project Lead and technical Project manager (both 18-month Full Time Contract) • Successful candidates started in posts 21 September 2020, one internal position now needs to be backfilled through external advert 	Active	Amber

			<u>Priorities for next month:</u> <ul style="list-style-type: none"> Tenders to be invited on 15th October with the tender process completing on 13th November. This project remains as amber until the supplier agreement has been made. Beyond this, we will enter into the decision-making cycle with a view to making recommendation and agreeing supplier(s) at January 2021 cabinet(s) 		
6 Strategic Approach to systems transformation Developing a strategy for our wider systems approach to the replacement and transformation of future service systems.	Nov 2020	AD Governance & Business Support Projects & Programme Manager	<u>Update:</u> <ul style="list-style-type: none"> Project has been on hold, but work has now started. This is still an Amber Project until timelines are reviewed. <u>Priorities for next month:</u> <ul style="list-style-type: none"> Restart work on this project Waiver to be signed and discussions with supplier to be held to determine final scope of work Timeline to be confirmed with supplier and scope of work to further defined 	Active	Amber