

Financial position for council owned bodies is 'stark'

by Noa Hoffman Local Democracy Reporter

The coronavirus crisis has resulted in an estimated £10 million shortfall in Edinburgh Leisure's finances.

Insiders say that this must be dealt with urgently if city residents are going to enjoy the same level of services available to them pre-lockdown.

Edinburgh Leisure, an arm's length external organisation (ALEO) of The City of Edinburgh Council, runs the capital's 10 municipal pools, 14 gyms, two tennis courts and six golf courses.

On 14 September 2020, four of Edinburgh Leisure's indoor facilities will reopen their doors, joining the organisation's golf courses and tennis courts which are already open.

Only now is the true financial position of Edinburgh Leisure becoming apparent.

Since closing all of its facilities on 18 March this year, Edinburgh Leisure has lost an estimated £10 million in customer income.

The loss comes following an announcement made by the council six months ago that it will be cutting funding to the leisure body by £1.5 million in the next three years.

Based on last year's figures around two million visitors who would have used the organisation's facilities have been unable to do so.

While Edinburgh Leisure is presently able to incrementally reopen facilities, how long these venues can stay financially viable is in question.

If physical distancing restrictions remain in place for a long time and visitor numbers are low, urgent funding would be required to keep the organisation running at the same scale and standards as previously.

If funding is not secured, services will be forced to change, with some facilities possibly facing closure, and the scope of activities on offer narrowed.

Edinburgh Leisure is in discussions with the council about its long-term survival strategy, and representations have been made to the UK and Scottish Government for financial support.

Neither government has yet agreed any extra funding packages.

The council has allocated a total of £31 million to support its ALEOs, which include Edinburgh Leisure, Lothian Buses, Edinburgh Trams, the Edinburgh International Conference Centre and Capital Theatres.

The council has its own financial difficulties with a £17 million budget shortfall and including income from its ALEOs, at least £70 million in lost income.

The local authority has asked The Scottish Government to include the ALEOs in any future funding it may receive, including a £90 million pot to help Scottish local authorities make up for lost income.

Graham Hutchinson, Conservative Finance spokesperson, said: "The financial situation facing the council's ALEOs, including Edinburgh Leisure, is stark. It is crucial that any funding from The Scottish Government to cover income lost by councils due to COVID-19 includes losses within ALEOs.

"Leisure services will play a crucial part in recovery of physical and mental health and it is regrettable the successive administrations in Edinburgh have neglected our leisure offering.

"There is an opportunity here for the council to engage in a long overdue conversation with Edinburgh Leisure about how best to deliver sustainable leisure services across our city going forward."

David Ferguson, Executive Director of the Observatory for Sport in Scotland (OSS), believes Edinburgh Leisure's circumstances require a major rethink in order to avoid closures.

He believes the future of the organisation has great potential but will require new thinking by all partners with an interest in community sport, leisure, recreation and health.

Mr Ferguson said: "The OSS has been looking at other models of delivery for sport and leisure. Other countries have changed how they do things to address shortfall in the public purse and changing demands around sport and recreation.

"In Scotland the public funding is just not there for leisure facilities, as they stand, to be sustainable. Prior to coronavirus most leisure trusts and councils were finding it difficult to sustain their leisure facilities, despite fantastic creativity in trying to make it work.

"There has to be real thinking now about a new model which engages the community more in the management of smaller facilities and involves sport clubs, health, social care,

schools and the older population a lot more. This will help to make community sport and recreation sustainable.

“Alongside a recognition from Scottish Government and local authorities that sport and leisure is crucial to community health and wellbeing, there has to be a willingness to think differently about how that is provided.

“There has to be a recognition that the money isn’t there and isn’t going to be there as a result of Covid. Now we have to think differently. The model we have is broken and unsustainable and we can’t allow that go on.”

In the UK’s public leisure sector almost 7,000 jobs are at risk and a further 6,000 roles confirmed for redundancy.

Current reserves across the sector have dropped to 64 per cent compared with pre-covid levels, and with only 10 per cent of reserves expected to remain by the end of this financial year, most leisure trusts will have insufficient funds to operate.

In July this year, a report by Community Leisure UK found that without financial support of £120 million, over 90 per cent of Scotland’s public leisure centres risk closure due to the impact of coronavirus.

A council spokesperson said: “The pandemic has undoubtedly affected many of our partner organisations and we’re in ongoing discussions with all of our ALEOs to understand the extent of income lost during lockdown.

“As part of our Adaptation and Renewal strategy we’re making every effort to mitigate issues where we can – acknowledging that our own resources have also been impacted by Covid-19 and are limited. We’re having positive conversations with the Scottish Government about the additional support Edinburgh needs.”

A spokesperson for Edinburgh Leisure said: “Edinburgh Leisure

is committed to 'building back better' to a sustainable Edinburgh Leisure and to continue making a positive impact to the citizens of Edinburgh's health and wellbeing – as we have done for the last 22 years."

The Local Democracy Reporting Service (LDRS) is a public service news agency : funded by the BBC, provided by the local news sector, and used by qualifying partners. Local Democracy Reporters cover top-tier local authorities and other public service organisations.

