

Minutes

Joint Meeting of the Finance and Economic and Culture and Leisure Overview and Scrutiny Committees



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Tuesday, 9 January 2024, 2.00 pm

**Council Chamber – South Kesteven
House, St. Peter's Hill, Grantham.
NG31 6PZ**

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Paul Fellows (Vice-Chairman)

Councillor Emma Baker
Councillor Harrish Bisnauthsing
Councillor Tim Harrison
Councillor Gloria Johnson
Councillor Gareth Knight
Councillor Robert Leadenhamb
Councillor Paul Martin
Councillor Chris Noon
Councillor Susan Sandall
Councillor Max Sawyer
Councillor Murray Turner
Councillor Helen Crawford
Councillor Phil Gadd
Councillor Graham Jeal
Councillor Anna Kelly
Councillor Paul Wood

Cabinet Members present

Councillor Richard Cleaver (Leader of the Council)
Councillor Ashley Baxter (Deputy Leader of the Council)
Councillor Patsy Ellis (Cabinet Member for Environment and Waste)
Councillor Paul Stokes (Cabinet Member for Culture and Leisure)
Councillor Rhea Rayside (Cabinet Member for People and Communities)
Councillor Phil Dilks (Cabinet Member for Planning and Housing)

Other Members present

Councillor Pam Byrd
Councillor James Denniston
Councillor Ian Selby

Councillor Charmaine Morgan

Officers

Richard Wyles (Deputy Chief Executive & S151 Officer)
Graham Watts (Assistant Director for Governance and Public Protection, Monitoring Officer)
Alison Hall Wright (Deputy Director of Finance)
Karen Whitfield (Assistant Director of Culture and Leisure)
Amy Pryde (Democratic Service Officer)

1. Election of Chairman

Following nomination, it was proposed, seconded and **AGREED** for Councillor Bridget Ley to act as Chairman, for this meeting.

2. Election of Vice - Chairman

Following nomination, it was proposed, seconded and **AGREED** for Councillor Paul Fellows to act as Vice-Chairman, for this meeting.

3. Public Speaking

It was agreed that the public speaker be given 20 minutes to present their statement.

4. Apologies for Absence

Apologies for absence had been received from Councillors James Denniston, Lee Steptoe, Ben Green and Matt Bailey.

Councillor Phil Gadd substituted for Councillor Lee Steptoe.

Councillor Anna Kelly substituted for Councillor James Denniston.

Councillor Helen Crawford substituted for Councillor Ben Green.

Councillor Graham Jeal substituted for Councillor Matt Bailey.

Councillor Paul Wood filled the vacancy for the SK Coalition Group.

Councillor Murray Turner would arrive late to the meeting, due to work commitments.

5. Disclosure of Interests

There were none.

6. Deepings Leisure Centre - Request for a Financial Contribution

The Deputy Leader of the Council provided the Committee with a presentation. The presentation included the history of Deepings Leisure Centre

The Deepings Leisure Centre Community Interest Company (CIC) had requested a one-off contribution of £850,000 towards refurbishment and reopening of the Deepings Leisure Centre.

The Committee were requested to focus the debate on the desirability, legality, affordability, achievability, value for money, risks and benefits.

The Cabinet Member for Culture and Leisure congratulated the CIC for presenting a viable business plan and highlighted certain aspects of the Officer's report.

The Chairman informed the Committee that there had been an amendment to 1.38 on page 12 of the report. The East Midlands Building Control Manager had stated that paragraph 1.38 be disregarded.

The Assistant Director of Culture and Leisure clarified that the East Midlands Building Control Manager had reconsidered the advice. The advice in paragraph 1.38 would stand should there be no existing heating at all within the building and a heating source be introduced but as a change of heating status, it was not necessary to bring the whole of the building up to current building standards.

(Councillor Murray Turner joined the meeting at 14:45)

Two Directors of the Deepings Leisure Centre Community Interest Company (CIC) provided their statement:

'Good Afternoon and thank you for giving me the opportunity to present this request for funding towards the renovation and re-opening of The Deepings Leisure Centre and for your time this afternoon to give it your consideration. I have been an SKDC Councillor for Market & West Deepings for the past 5 years but today I am addressing you in my role as a Director of the Deepings Community Leisure Centre CIC. I have with me Martin Reilly who is the Director with responsibility for the refurbishment programme.'

I don't intend to go through the years long history of how we came to this position as it is well documented. This request is looking for this council's support to reinstate leisure facilities to thousands of residents of The Deepings and beyond, facilities that they have enjoyed for over 50 years and which will bring parity with the other three towns of South Kesteven. Throughout all our previous battles to retain facilities we have had the unending support of residents and this has never wavered. The Deepings is truly the least supported area within SKDC and we have watched over the years as one service or facility after another has been taken away. We have no arts centre or large events venue, our community centre is run by volunteers, we now run our own immensely successful library (again with

volunteers), we looked after ourselves during the pandemic through volunteers, we recently updated a miserable little SKDC play park again with money raised by volunteers and so it goes on. We now wish to be given the means to run our leisure centre, again by volunteers on a not for profit basis.

I'd now like to comment on various aspects of the documents before you. Our Business Plan gives you an outline of the services we hope to provide, the repairs required and the funding sources for those repairs. I will say that to date the support we have received from Lincolnshire County Council has been very much appreciated. At the closure and handing back of the centre to them by SKDC, they could have simply torn the building down and handed the land to the school, they didn't, nor did they want to. In addition to giving us the opportunity to buy the land and buildings they also offered us considerable financial support towards those repairs. Their stipulations were that the amount of that offer was kept confidential and we have done our utmost to ensure that was adhered to. Hence why we asked that the plan was kept on pink papers and we would be grateful if that confidentiality was adhered to by those attending today. LCC also stipulated that we employed a professional leisure company to run the centre and that we accommodate the schools requirements for use of the sports hall. We were happy to comply with both as they were our intentions anyway. We are also grateful to Sir John Hayes, our local MP, for his consistent support.

The plan also includes our costs of renovation. This are dramatically different from those provided to SKDC in the past. There are several reasons for this. The first one is that the figures provided to SKDC were based on a formula which meant that each item of expenditure was based on the square meterage of the footprint of the building, this was patently flawed, so any comparison with those figures is a nonsense. We have provided written quotations from local suppliers which show exactly what the cost of each item is. The second reason our costings are so low is that we have the benefit of several of the companies doing the large items of work, such as the roof, electrical work and the new heating, solar and ventilation system being done at cost. We also benefit from various professional services which are being provided free of charge, these include an architect, a solicitor and a barrister. Please don't think for one second that this will mean inferior quality of work, quite the reverse, these are local well-qualified people who want this centre open again, for their own benefit, for their children and grandchildren's benefit and for the community as a whole. This is how Deepings people operate. SKDC Officers appear to have taken the view that because our prices are low that we won't be complying with building regulations, insurance or health and safety requirements. I don't know why they would think that, why would we not be providing the best possible facilities for ourselves and our families? There is also mention in the report that we will not be providing a full refurbishment. No room in the centre will remain untouched. They have also mentioned in meetings that we have no budget for exterior upgrading. That is correct. That doesn't mean that we don't intend to do it in the future. Frankly, nobody minds about the fact that the cladding is a bit rusty. What matters are the facilities inside and that is where we are concentrating our efforts.

We have also outlined the other professional leisure centre providers we are hoping to work with and presented our estimation of the income that the centre will generate. At the outset of this initiative we didn't want to fall into the trap which a lot of community groups fall into which is enthusiastically over-estimating our income and we have based our figures on the minimum amount of support that we would expect to achieve. Every single provider who has seen these figures has expressed the opinion that we have severely under estimated, particularly in respect of gym membership and our recent public consultation backs up that opinion. We did this on purpose because we need to assure ourselves that we could run the centre effectively at the lowest take up. There is a strong reliance on swimming which is due to the fact that we are the only publicly accessible deep water 6 lane 25m pool for some considerable distance.

In the past, due to the agreement between SKDC and The Anthem Trust the Deepings Leisure Centre was unable to reach its full potential. The agreement gave the school the vast majority of pool use during the day in term time which resulted in a lack of public and club use. The residents of Deeping frequently bemoaned the fact that the pool would be empty for hours on end. The school simply didn't need the amount of hours it was allocated and, whilst the school often offered time back to SKDC, SKDC wouldn't accept these hours as they were outside of published times. We have met with the Trust on numerous occasions and they no longer require any pool time on a permanent basis, if they do then this would be booked on an ad hoc basis through the normal channels. They have asked for daytime use for around 38 weeks of the sports hall for PE and examinations and we are happy to accommodate them, together with ad hoc usage for special events during the evening at a discounted rate. Dependent upon the result of this meeting and Thursday's Full Council we will be meeting them again at the end of the month, hopefully with our prospective partner to finalise hours and costs. We will also be finalising our car park requirements, joint access to the site and the breakdown of any repair costs to that joint access.

We are very grateful for Martin Hill's letter to you all and have discussed our exit strategy briefly with him in past meetings. All of you should have had our written response to that letter regarding so I won't comment further on that.

Finally on the Business Plan, I'd like to tell you where we are up to with funding sources. At present we require just short of £2m to complete all the works, however, this includes a contingency of almost half a million. The contingency is there to cover any items which we become aware of, although the asbestos in the building is currently contained, it may be that we decide it is preferable to remove it. Should we need to provide additional cladding to comply with insulation then that will come from this contingency as well. Minor items such as re-lining our area of the car park is also included. We have today's request for £850k from this Council, LCC have indicated that they would be prepared to contribute and we have a Community Ownership Fund bid in, currently for around £450k. We have been allocated a consultant by the COF who is there to assist us in completing our bid successfully, there are a couple of reports that the COF require but they are providing us with the funding required to obtain these reports. We have commitment

from various local parish Councils, including some in Peterborough who recognise that the Deepings Leisure Centre will benefit their residents. We also have plans for crowdfunding and business sponsorship which will be announced as soon as we have secured the building and main grants. So, provided we receive the other funding requested we are covered for a full refurbishment as outlined.

Some of you may be wondering why we are asking SKDC to contribute a larger amount than we expect from LCC. This is purely and simply due to the appalling state that the leisure centre was handed over in. At the time of closure all Councillors has the opportunity to visit the centre and many did. It looked, at that time, exactly the same as it had for years, dated yes, grubby and old fashioned, yes, functional, also yes. When we came to view the building again immediately after the handover we were speechless. There wasn't a single room which hadn't suffered from what can only be described as wanton vandalism. Ceilings ripped down, holes punched in walls, wiring ripped out, custom made stainless steel pool steps removed and sent for scrap. It was heartbreaking to see. Large receptacles had been placed where the worst of the water ingress was and the one upstairs, which we estimated contained 10 tons of water had been left, upstairs, unemptied. The staff at LCC were appalled and stated that they had never ever had a building handed back to them in this dreadful condition. It seemed to us that someone had been determined to make the centre appear impossible to re-open. Happily, we have retrieved the custom made steps and added a plasterer to our costs.

Also within the papers is our Dear Councillor booklet. This was prepared prior to the decision not to pursue a new leisure centre. It was our way of letting Councillors at the time know how this was impacting residents as they had been denied a voice at various meetings, including one in Grantham where no-one was allowed to speak in the public session. I asked residents to write to me outlining the impact the loss of leisure facilities would have and the booklet contains a selection from the enormous amount of replies I received.

What isn't included in the pack is the Equality Impact Assessment which was produced in November 22. There are 11 groups within that report which need to be addressed and an answer given on what the effect of the closure would be. Every single category shows a negative impact – the conclusion stated that SKDC accepted the negative impact across the board but that the next available centre was 11 miles away and there was limited public transport but residents of Deepings has three other centres to choose from...

There are some aspects of the officers report that I would like to comment on.

We find it bizarre that they have gone to such great lengths insist that the monies we have asked for are a 'subsidy', yet by their own admission LeisureSK receive a subsidy, SKDC has also provided what amounts to a subsidy to various other companies in the past and to outside groups. I well remember the tens of thousands that was given to a particular dance group in Grantham and there has been a subsidy paid for many years to a football club in Grantham. Were any of these other subsidies treated as subsidies – not to my knowledge. SKDC does not

have one single entry on the Governments subsidy list. By their own admission at items 1.21 and 1.22 this Council has the power to provide these monies as a 'grant'. At 1.23 it states the Council should, quite rightly, balance the risks against the potential rewards. Almost no account of the potential rewards of providing a grant of this amount and for this purpose has been mentioned. Thousands and thousands of residents will receive enormous real mental and physical benefits from this proposal. Our mantra of providing facilities for all, especially those with mental and physical difficulties has simply not been acknowledged.

Great store has been placed in the SLC report. I think we are all aware that, particularly in business consultants tell you what you want to hear. I am convinced that if we (the CIC) had gone to SLC for a report in support of this proposal that they would have waxed lyrical for page after page about it's benefits just as they did for the 10m leisure centre. If you tell a consultant (however obscurely) that you "have concerns about the viability of a project" they will provide you with the evidence to support those concerns.

Constant comparisons with LeisureSK have been made. Why are we being compared to a company which has failed for the entirety of it's existence and continues to do so? A Company which officers are actively looking to close and replace. Why not compare us with any of the successful leisure centres that all of our proposed partners run? Spalding, for instance, have been given £20m to build a new leisure centre – do you really believe that they would have been awarded this for them to create a money pit? Very many of the leisure centres around the country are run well and at a profit year in year out – please allow Deepings to be one of them.

Today, I believe you have a real one off opportunity to move things forward .

We've worked day and night on this plan. It really is viable and well thought out...We know we can make it work and we know what a real difference we can make to the lives and well being of thousands of our residents.

But we can't do it without your support today..

Everyone in this room knows Deepings has been dealt more than its share of letdown and despair.

I'm asking you right now, from the bottom of my heart,

All we are asking for is the chance to do what's right.'

Following the statement, Members raised the following questions to the public speakers:

- That Deepings Swimming Club had recently travelled approximately 30 miles to attend a gala at Grantham Meres Leisure Centre and whether the Deepings Leisure Centre would be as popular if it was to reopen.

Deepings Swimming Club were eager to return to the Deepings Leisure Centre for swimming lessons. Local Schools had also shared interests in utilising the Leisure Centre.

- One Member queried the progress on the transfer of the freehold of the building and whether the Anthem Trust had been liaised with on the amount of contribution they should make going forward.

It was clarified that the CIC were awaiting heads of agreement on the freehold, the heads of agreement would only be agreed if the financial contribution from the Council was agreed. The relationship between the CIC and the Anthem Trust was mutual and they were working in a joint approach.

- The refurbishment costings of £2.2m were questioned due to the Leisure Centre being left in a bad state. The costing did not seem enough to substantiate a satisfactory building.
- What was the commitment and liability to the CIC company?

The bad state of the building was fairly minimal and could be rectified by decorating.

- It was queried how committed the Council and CIC were to the site in regard to private investors e.g. banks. It was noted that other large leisure centres had received grant funding.
- How would the centre be set up and whether the possibility of a private facility had been explored?

The CIC had liaised with private funders. However, since the pandemic, the hospitality and leisure sector had struggled to receive funding and were reviewed on a case-by-case basis regardless of how strong the viability of a business case.

The Council had previously explored other refurbishment and new build site options and did not come up with a resolution. The option proposed by the CIC was deemed viable as the building foundations were strong.

The CIC clarified that they would work in conjunction with a delivery partner, who would be running the Leisure Centre and the CIC would not be directly involved within the day-to-day running of the Centre.

The Deputy Leader of the Council discussed the alternative options. The private and public sector had the opportunity to bid for the Leisure Centre during Lincolnshire County Council's expression of interest bid, which included Leisure SK Ltd.

- Whether the CIC were expecting conditions and requirements placed on any condition of funding from the Council.

The CIC were expecting conditions from South Kesteven District Council and Lincolnshire County Council. The company were willing to be open and transparent, for instance, the annual accounts would be published on their website.

- Whether the CIC acknowledged the need for business failure insurance, if the Deepings Leisure Centre was to fail and specified demolition in the worst-case scenario.
- Concern was raised on the expected opening date of August 2024 for the Deepings Leisure Centre, as part of the business plan.
- It was noted that the proposed cost of air source heat pumps was approximately 40 times less than the cost of Grantham Meres Leisure Centre air source heat pumps. Grantham Meres Leisure Centre was double the size of the Deepings Leisure Centre.
- The roof inspection document was three years old. Were the CIC expecting further deterioration of the roof and would an updated roof inspection take place?
- Whether any pre-application consultation had taken place with building control inspectors and whether there would be a budget for building control?
- Whether the CIC had thought about generating pre-sales?

The CIC had a fundraising Committee who had come up with ideas to raise additional funds. For example, pre-sales, schemes for crowdfunding, offers of local businesses to sponsor a room.

A nominated asset locked company would take over CIC and its assets in the event of business failure. The CIC regulator would decide the outcome of the asset, in case of failure which was in negotiations.

The August 2024 opening date was set when the Joint Overview and Scrutiny Committee meeting was scheduled for November 2023. It was planned to have the sports hall, swimming pool and gym to be open first, alongside the roof repairs.

The structural integrity of the roof inspection report at the time stated that the roof was in a steady state. The proposed roof would avoid the original structure of the roof and would merely be a lightweight steel roof with solar panels.

The air source heat pumps would be used to generate heat for the swimming pool and hot water supply. The rest of the Leisure Centre would be run by an air condition/heat pump system.

Building control and the CIC had been liaising primarily about the insulation and building regulations. The main contractor was responsible for any building control applications that were required.

One Member suggested that pledges from support in the local community be brought to the Full Council meeting, alongside the costings of building control and a possible phasing of the scheme.

It was queried how the funding process would work in accordance with government tendering requirements and whether another business case had been explored.

In regard to purchasing and procurement, the intentions of the CIC was that any services would be made available on framework and anyone considering tendering the framework would be reviewed. The tender process may be timely, costly and cannot always give the value for money required to be successful.

The following queries were raised:

- How the governance, fees and the running of the Leisure Centre would be set.
- How critical a timeframe was on making a decision on the future of the Leisure Centre.
- Whether any approximate figures had been received from Parish Council's and what feedback and support had been provided from them.
- Clarification was sought over the VAT position and how this would be monitored with any new funds or income received.
- What was the estimated lifespan of the building following the proposed refurbishment?

The CIC representative confirmed that although the CIC was a not-for-profit organisation, the vast majority of its business activities were VATable. The only exemptions were any business activity directly related to education, for example, schools use of the swimming pool. There was a minimum 15 year life expectancy for the swimming pool. There would be planned maintenance at various points but work to a high specification would ensure the shortest possible closure time.

Miss Moran informed Members that a partnership would ensure that all involved had an equal involvement in the governance of the service. As an alternative, a management fee could be paid but billing would be directed to the CIC. A proposed partner company, which was also not-for-profit had proposed a sinking fund be put aside for repairs when necessary. The implementation of a monthly meeting would ensure responsibility for fees was maintained as necessary. The building was to remain a community asset. The Parish Councils had been contacted and requests for £3.50 donations per resident was requested from each and £1.50 per resident from the more remote areas. Some support had been confirmed. Public consultation would be sought once each parish council precept was set.

The Deputy Leader confirmed that the decision on what to do with the building was for Lincolnshire County Council. If they chose to demolish, this work would need to be carried out within the school holiday period. A decision on the proposal brought before the meeting today was urgent and required to be made within a week.

(The Committee paused for a break at 16:00)

During discussion, Members raised the following points:

- What support had the project received from residents of the whole district of South Kesteven? It was acknowledged that residents in Grantham, for example, would not have such an interest as a resident in the Deepings area.
- Was the Council able to afford the refurbishment of the Deepings Leisure Centre alongside the maintenance of older Leisure Centres at Grantham, Bourne and Stamford?
- If funds for the project were agreed, would there be further scrutiny throughout the process?
- Where were the funds coming from and was there a market risk premium (MRP)?
- Were the Council able to confirm attendance figures for the last 5 years at the Deepings Leisure Centre.
- Had South Holland and Peterborough Local Authorities been consulted as to the impact of the reopening of services at the Deepings? Were the Council at risk of a legal challenge?
- Had the Council applied for large grants, similar to neighbouring Local Authorities such as Newark Council?
- Were private companies sufficiently considered to undertake the running of the Leisure Centres?
- Did the Deepings Leisure Centre Community Interest Company (CIC) consider a partnership with South Kesteven District Council at any point and what is on offer for the funding proposed?
- Attendance at Leisure Centres within the district was still below 80% of levels before the Pandemic. Funding also needed to be set aside to ensure they all remained open. The opening of Deepings Leisure Centre would impact LeisureSK Ltd.
- Many residents within the Deepings area had limited means to travel to access leisure services elsewhere. The area was rapidly expanding, bringing more residents, including children who were wanting the use of such services.
- Members recognized the hard work by Officers and LeisureSK Ltd to increase attendance at the Leisure Centres within South Kesteven. Could the Officers give assurance that Stamford and Bourne Leisure Services will not be vulnerable if the proposal to fund the refurbishment of Deepings Leisure Centre proceeded.

- Was the legal advice received sufficient and supported by legal indemnity insurance?
- Was the Business Plan well-received? Was the proposed timetable for the completion of the work, including several legal agreements, realistic?
- Potential demolition of the building would prove costly to taxpayers. £850,000 would supply leisure services for those residents. Community sports contributed substantially to the local economy as well as improving the nation's health.
- Historically, the Council had failed to sufficiently invest the funds required to maintain the Deepings Leisure Centre. Morally there was a duty to support, provide and sustain public services and leisure amenities were a significant part of those services.
- A Member considered there were too many risks to viability of the proposal, particularly overall cost and potential reputational damage to the Council.
- Great care should be taken to ensure that strict governance procedures are adhered to by the CIC as well as the Council.
- If the refurbishment proposal was not agreed today, what was the Council going to do to ensure the residents of the Deepings are not missing out on leisure services that are supplied to the rest of the district? The residents of the Deepings are taxpayers too.
- Delays in confirming legal agreements could delay the start of work and in turn increase costs.
- Concerns within the officers report needed to be addressed.
- What reserve funds were in place if attendance when open was lower than expected?

The Deputy Leader confirmed that a consultation was completed through the community group and via Facebook. 1200 responses were received which was thought to be positive. The Cabinet Member acknowledged that Members were elected to represent the whole district and the level of services all residents are provided with needed to be taken into account. Grantham had a number of privately-owned gyms alongside a leisure centre with a stadium. The Deputy Leader agreed that the Council should continue to maintain the existing leisure centres so as not to risk the facilities becoming derelict like the situation faced at the Deepings. Funding was being applied for from various grant opportunities as they became available. Funds had been allocated to Bourne Leisure Centre for a replacement roof and parts of The Meres Leisure Centre at Grantham were being updated too.

The Deputy Leader confirmed there were 5 conditions to be met prior to the funds being released. If the Committee wished to add further conditions, these would be considered. The Local Priority Reserve was to supply the funds and this would avoid a market risk premium. As with any business plan, there was no guarantee of success. Footfall of over 200,000 per year had been confirmed at the Deepings Leisure Centre before it closed, making it the second most popular Leisure Centre in the district. The Cabinet Member informed Members that there was no other local means of providing the Deepings with leisure services including competitive and school swimming.

The Assistant Director of Leisure, Culture and Place confirmed that South Kesteven District Council was a tier 3 local authority and as deemed quite an affluent district, has missed out on big government funding through Levelling-Up.

The Deputy Leader informed Members that Lincolnshire County Council received control of the Deepings Leisure Centre building upon its closure and invited bids on the open market. One bid (from the Deepings Leisure Centre Community Interest Company (CIC)) was received and every opportunity was given to all interested parties to consider a partnership. The request for funding was solely for the refurbishment of the Deepings Leisure Centre to enable it to reopen. Over the last 2 years, LeisureSK Ltd had received funding requests of more than £1 million, another operator within the district providing leisure services was surely a positive situation. The Cabinet Member continued that for private companies, the context around the refurbishment as well as local authority control could be seen as problematic. The proposal was not a vote to close the other Leisure Centres, it was a vote to increase the provision across the district. Competition would be healthy and would enable LeisureSK to remain a sustainable business alongside supporting the residents to lead healthier lives in the community.

The Deputy Leader informed the Committee that the subsidy legislation was relatively new and case law was limited. The Government website provided a list of organisations that they have subsidised.

The Assistant Director of Leisure, Culture and Place informed Members that many conversations had taken place with legal advisors but it was for the Council to assess whether the subsidy was legal and whether it could withstand any legal challenges. The advice which had been provided was that further evidence was required to show that a subsidy could lawfully be provided.

The Deputy Leader confirmed that there were currently a number of experienced Leisure Providers willing to work alongside the CIC, supporting the business plan.

The Leader of the Council confirmed that he was fully supportive of any decision that enabled the Council to meet its corporate objectives.

*(It was proposed, seconded and **AGREED** that the meeting be extended to continue after 3 hours).*

The Cabinet Member for Culture and Leisure informed Members that he did not think attendance at Bourne or Stamford Leisure centres would be significantly impacted by the reopening of The Deepings Leisure Centre. The business plan was 'more than reasonable' in his opinion.

The Deputy Chief Executive clarified that in reference to the business plan, officers had raised concerns through meetings with the CIC about the acceleration of the income profiles as they were not in line with post-Covid attendance nationally. The leisure sector was volatile and that was why concerns about the accuracy of the income projections had been raised. Potential third parties who supported the income profiles have not been able, so far, to validate the information. If the income projections were out of step with the current market and targets were not reached, the leisure centre would be in a deficit position and this would be challenging to recover. It was essential to ensure that sufficient governance and protection was in place.

A Member requested that the Leader of the Council repeat his statement from the Culture and Leisure Overview and Scrutiny Committee on 9 January 2024 for information and clarity:

At the earliest opportunity, The Deputy Leader and I will ask the Cabinet in the short term:

- To request Officers to write to LeisureSK Ltd to request a mitigating recovery plan for the financial years 2023-2024 and 2024-2025 in response to the management fee request with a view to seeking the level of management fee being requested reducing further in 2024-2025.
- To request that the Cabinet Member for Finance and the Cabinet Member for Leisure receive regular detailed budgeted forecast reports from LeisureSK Ltd between now and the end of the financial year 2023-2024.
- To request an urgent independent assessment of the business plan and profit and loss account for the financial year 2023-2024 and 2024-2025 and propose any corrective action or mitigations that can be undertaken.
- To initiate an independent assessment of the existing governance model and operational financial management controls to ensure they are fit for purpose and effective.
- To note that an independent review of the VAT and taxation implications is already underway and to ask the Council's S151 Officer to undertake a review of the financial information for review of the Board minutes and level of financial support being provided to LeisureSK Ltd and to recommend to Cabinet any corrective actions that may be required.
- In the Medium term accelerate the options appraisal for the future delivery model of SKDC's leisure services, including insourcing and full market testing

by tender with leisure providers - this to be undertaken within the shortest of timelines.

The Deputy Leader confirmed that if the resolution agreed was to demolish Deepings Leisure Centre, the intention was to complete this work over the summer holiday period. Delays in confirming legal agreements could delay the start of work.

It was proposed, seconded, and **AGREED** that the meeting was extended to 18:00.

The joint meeting of the Finance and Economic and Culture and Leisure Overview and Scrutiny Committees was asked to:

- 1. Review the Business Plan submitted by Deepings Community Leisure Centre CIC**
- 2. Review the level of the capital costs projected relating to the refurbishment of Deepings Leisure Centre**
- 3. Review the income and expenditure projections for Deepings Leisure Centre**
- 4. Give consideration to a level of funding subject to all the following conditions:**
 - a. Any funds would only be released after the statutory period for a potential challenge in accordance with the Subsidy Control Act 2022 has expired.**
 - b. Confirmation that the other major funding contributions set out in the Business Plan have been committed and approved by those contributors.**
 - c. A satisfactory undertaking of due diligence of the Deepings Community Leisure Centre CIC including a review of their Financial Regulations.**
 - d. Evidence that proposed refurbishment works will comply with Building Regulations.**
 - e. Completion of transfer of lease or freehold ownership of the site from LCC to the Deepings Community Leisure Centre CIC.**

It was proposed, seconded, and AGREED:

The joint meeting of the Finance and Economic and Culture and Leisure Overview and Scrutiny Committees recommended to Full Council to provide one-off funding to The Deepings Leisure Centre Community Interest Company for the sum of £850,000 based on the conditions set out in paragraph 4 of the recommendations and subject to additional information as requested in the questioning of the Finance and Economic and Culture and Leisure Overview and Scrutiny Committees.

(There were 7 votes FOR and 7 votes AGAINST. The Chairman had the casting vote FOR the recommendation.

7. Close of meeting

The Chairman closed the meeting at 17:40.