



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Culture and Leisure Overview and Scrutiny Committee


5 September 2023

Report of Nicola M^cCoy-Brown,
Chairman of LeisureSK Ltd

LeisureSK Ltd Outturn Position 2022/2023

Report Author

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Purpose of Report

To provide Members with the outturn position for LeisureSK Ltd for financial year 2022/2023.

Recommendations

In noting the outturn position for LeisureSK Ltd for 2022/2023 and consideration of this report, the Culture and Leisure Overview and Scrutiny Committee is requested to:

- 1. Agree to receive the final audited accounts at a future meeting once these are available.**
- 2. Agree to receive further updates on the performance of LeisureSK Ltd, this is to include an assessment of the annual Business Plan.**

Decision Information

Does the report contain any exempt or confidential information not for publication?	Appendix One is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
What are the relevant corporate priorities?	<ul style="list-style-type: none">• Growth and our economy• Healthy and strong communities
Which wards are impacted?	Two or more Wards

1. Background to the Report

- 1.1 The South Kesteven Corporate Plan (2020-2023) contains a key priority of building 'Healthy and Strong Communities'. To underpin this priority, the Council has an ambition to provide sustainable leisure facilities which support the health and wellbeing of our local communities, tackling inequalities and adding local economic and social value.
- 1.2 LeisureSK Ltd is a not-for-profit Teckal company, wholly owned by South Kesteven District Council. A "Teckal" company is the common name for a company which benefits from contracts for works, services or supply from its controlling Contracting Authority (or Authorities) without having to go through a competitive tender process. The company was formed in September 2020 and commenced the management of Council owned leisure facilities from 1 January 2021. The contract covers a five-year period and is due to end on 31 December 2024.
- 1.3 The appointed Directors for LeisureSK Ltd are:
- Councillor Charmaine Morgan
 - Councillor James Denniston
 - Nicola M^cCoy-Brown, Director of Growth and Culture
 - Craig Spence, Interim Director of Housing
 - David Monkhouse, Non-Executive Director
- 1.4 A further Director appointment has been offered to the South Kesteven Coalition Group which is yet to be confirmed.
- 1.5 The Board of Directors meet monthly and are responsible for the operational and financial performance of LeisureSK Ltd. Action minutes of the meetings and decisions taken are recorded.
- 1.6 The Council's Assistant Director for Culture and Leisure acts as the Council's nominated representative, this role being to ensure the company performs to expectations and within an approved legal and governance framework. The Council's wider Leisure Team are responsible for an ongoing regime of contract

monitoring, which includes announced inspections of the leisure facilities and spot checks.

- 1.7 In previous years, the Council's former Companies Committee received details on the financial performance of LeisureSK Ltd and approved the annual Business Plan. In line with the Council's Constitution, this responsibility now lies with the Culture and Leisure Overview and Scrutiny Committee.
- 1.8 A copy of the final audited accounts for LeisureSK Ltd for financial year 2021/2022 were presented to a meeting of Companies Committee on 10 January 2023 along with the Business Plan for 2023/2024 (see **Background Papers**).

LeisureSK Ltd – Outturn Position 2022/2023

- 1.9 **Exempt Appendix One** to this report, contains details on the outturn position for LeisureSK Ltd for financial year 2022/2023.
- 1.10 The final accounts for financial year 2022/2023 will be presented to a future meeting of the Culture and Leisure Overview and Scrutiny Committee for consideration, once these are received from the auditors.

2. Key Considerations

- 2.1 During financial year 2022/2023 LeisureSK Ltd faced financial and operational challenges, especially in relation to the cost of utilities and the recruitment and retention of staff. This is in line with the national picture within the leisure industry.
- 2.2 In operating the leisure facilities under a local authority trading company model, the Council has full transparency on the income and expenditure and wider performance of the company.
- 2.3 This arrangement has allowed LeisureSK Ltd to benefit from enhanced purchasing arrangements, including the purchase of electricity and gas at optimum prices through the Council's ongoing arrangements through the Eastern Shires Purchasing Organisation (ESPO). Despite this, the increase in utility costs has been significant. As a result, a management fee of £500,000 was built into the Council's budget for the current financial year.
- 2.3 The Board of Directors remain committed to reducing the level of financial support required from the Council and are currently exploring a range of funding streams to improve the financial and carbon footprint of the leisure centres.
- 2.4 In addition, the Board have recently commissioned a staffing restructure and pay review which has ensured the salaries offered across different pay grades are commensurate with the level of responsibility. This will also aid recruitment and retention of staff going forward.

3. Other Options Considered

- 3.1 As a private limited company, LeisureSK Ltd is obligated to compile financial accounts on an annual basis and file these with Companies House. Responsibility for assessing the financial and operational performance of LeisureSK Ltd now rests with the Culture and Leisure Overview and Scrutiny Committee.

4. Reasons for the Recommendations

- 4.1 The final audited accounts for LeisureSK Ltd 2022/2023 are not yet available. Once these are received from the auditors, these will form the basis of a future report to the Culture and Leisure Overview and Scrutiny Committee.
- 4.2 Prior to the commencement of financial year 2024/2025, it is proposed Members of Culture and Leisure Committee receive details of the company's Business Plan to ensure it is robust, financially sound and adequately reflects the Council's vision for the management of the leisure service.

5. Background Papers

- 5.1 *LeisureSK Ltd Business Plan 2023/24*, available online at:
<http://moderngov.southkesteven.gov.uk/documents/s36650/LeisureSK%20Ltd%20Business%20Plan%202324.pdf>

6. Appendices

- 6.1 Exempt Appendix One – Outturn position for LeisureSK Ltd 2022/23