



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Cabinet

7 November 2023

Report of Councillor Paul Stokes,
Cabinet Member for Culture and
Leisure

Swimming Pool Support Fund (Phase One – Revenue)

Report Author

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Purpose of Report

To request an offer of external funding from the Swimming Pool Support Fund is formally approved.

Recommendation

In consideration of the contents of this report, it is recommended Cabinet:

1. Approves the receipt of £344,659 from the Swimming Pool Support Fund, the funding being utilised to offset the management fee of £500k provided to LeisureSK Ltd for the financial year 2023/2024.

Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Healthy and strong communities
Which wards are impacted?	Grantham and Stamford Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The Council's contract arrangement with LeisureSK Ltd provides that the Council pays a management fee to the company which represents the difference in the company's expenditure and the income it has been able to generate. Originally LeisureSK Ltd was not forecasted to require a management fee payment in 2023/2024. However, as a result of increasing operational costs, the majority of which relate to higher utility prices, a budget allocation of £500,000 was included in the Council's budget for 2023/2024.
- 1.2 The Swimming Pool Support Fund was established by central government in recognition of the significant challenges local authorities are facing nationally in continuing to operate public swimming facilities, especially in relation to the higher cost of utilities and pool chemicals. The offer of funding in the sum of £344,659 will be used to offset the £500,000 fee that has been paid to LeisureSK Ltd in the current financial year.

Completed by: Richard Wyles, Deputy Chief Executive and Section 151 Officer.

Legal and Governance

- 1.3 The Council's Financial Regulations stipulate that an award of funding over £250,000 must be formally approved by Cabinet.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer.

2. Background to the Report

- 2.1 The South Kesteven Corporate Plan (2020-2023) contains a key priority of building 'Healthy and Strong Communities'. As part of which the Council is committed to improving the health and wellbeing of our residents by providing high quality leisure provision.
- 2.2 Since January 2021, the Council's three operational leisure facilities, being Grantham Meres Leisure Centre, Bourne Leisure Centre and Stamford Leisure Pool, have been operated by LeisureSK Ltd, a wholly-owned Council company, under a contract arrangement.
- 2.3 Under the terms of the contract the Council provides a management fee to LeisureSK Ltd which represents the deficit in the income the company has generated and the income it has been able to attract. Should the company move to a surplus position then the contract provides this should be repaid to the Council or reinvested into the leisure facilities.
- 2.4 In line with the national picture LeisureSK Ltd continues to face financial challenges, especially in relation to increased utility costs and the price of pool chemicals. Despite the company benefitting from enhanced utility purchasing arrangements as part of the Council's ongoing arrangement with the Eastern Shires Purchasing Organisation (ESPO), the increase in costs for the current year were expected to rise significantly. As a result a management fee of £500,000 was built into the Council's budget for 2023/2024.

Swimming Pool Support Fund – Phase One

- 2.5 In response to the challenges being faced by local authorities the Swimming Pool Support Fund was launched by central government in March 2023. The fund, being administered by Sport England, originally totalled £60 million, £20 million of which would be utilised to support publicly accessible swimming pools with their increased revenue costs in the current financial year (Phase One). The remaining £40 million was set aside to provide a capital fund to improve the energy efficiency of leisure centres (Phase Two). The £40 million capital fund was subsequently increased by a further £20 million, the additional funding being provided by Heritage Lottery.
- 2.6 Phase One of the funding opened on 4 August 2023, with only local authorities being eligible to apply. However, there was a requirement that any local authority applying also submitted information on behalf of organisations within the district who were responsible for providing publicly accessible swimming and could demonstrate a significant increase in running costs. The only other eligible swimming pool within the district which met the funding criteria was Bourne Outdoor Pool.

2.7 Due to the scale of the challenges being faced nationally and the significant increase in the running costs of swimming pools, it was anticipated there would be a high level of demand for Phase One funding and the maximum amount which could be claimed was set at £500,000. All applications for funding required the submission of evidence in terms of the predicted in year cost increases when compared to financial year 2022/2023 and the impact of this on the respective organisations

2.8 South Kesteven District Council applied for a total of £500,000 of support for Phase One of the Swimming Pool Support Fund which was broken down as demonstrated below in **Table One**:

Table One: Phase One Swimming Pool Support Fund Application	
Grantham Meres Leisure Centre	£253,518
Bourne Leisure Centre	£146,121
Stamford Leisure Pool	£91,141
Bourne Outdoor Pool	£9,220
Total	£500,000

2.9 The Council has subsequently been notified that a successful funding allocation has been made in relation to Grantham Meres Leisure Centre and Stamford Leisure Pool, the total amount of support being provided amounting to £344,659.

2.10 Unfortunately Sport England do not provide any feedback on why applications have been unsuccessful. Therefore, no information is available in relation to why Bourne Leisure Centre or Bourne Outdoor Pool were not allocated funding.

Swimming Pool Support Fund – Phase Two and Public Sector Decarbonisation Scheme

2.11 A bid has subsequently been submitted to Phase Two of the Swimming Pool Support Fund for a range of energy efficiency interventions across Grantham Meres Leisure Centre, Bourne Leisure Centre and Stamford Leisure Pool. These include the provision of additional solar panels and the introduction of pool covers.

2.12 Again the fund was open exclusively to local authorities with a requirement to submit applications on behalf of other eligible organisations. Bourne Outdoor Pool were invited to submit a bid but declined to do so. The Deepings Leisure Centre Community Group were also invited to make an application in relation to Deepings Leisure Centre yet were unable to do so as they currently have no security of tenure and therefore did not meet the application criteria.

2.13 It is expected the Council will be informed of the outcome of the Phase Two application in late December 2023.

- 2.14 A major application for funding has also been made to Phase 3 of the Public Sector Decarbonisation Scheme (PSDS) to upgrade the heating system at Grantham Meres Leisure Centre. The PSDS was launched by Salix on behalf of the Department for Energy Security and Net Zero in 2021.
- 2.15 The total amount of funding applied for amounts to £4.08 million, if successful this would require match funding from the Council totalling £492,500. The proposed works would involve removing the existing gas boilers and replacing the heating system with a bespoke air source heat pump. As the new system would be powered by electricity and extract heat from outside the building, a successful application would deliver significant carbon savings for the Council.
- 2.16 A pre-requisite for PSDS funding is that boilers are required to be end of life or over ten years old. Grantham Meres Leisure Centre was selected to be the focus of the bid as, due to its size and the operation of four swimming pools, the centre offers the most potential for carbon reduction. The boilers have been scheduled to be replaced Bourne Leisure Centre imminently as, due to their age and condition, they are at risk of failure. Stamford Leisure Pool was not considered eligible for PSDS funding due to the recent installation of a gas boiler during Winter 2022.
- 2.17 The outcome of the PSDS application is also anticipated late December 2023.

3. Key Considerations

- 3.1 LeisureSK Ltd are responsible for the costs in relation to utilities and pool chemicals. However, the price rises experienced have increased the financial burden on the Council who are responsible to fund any deficit in income and expenditure via a management fee. For the current financial year, a management fee of £500,000 has been included in the Council's budget.
- 3.2 The amount of funding awarded from the Swimming Pool Support Fund (Phase One) will help to offset the additional costs incurred by the Council in relation to the management fee paid to the company for the current financial year and can only be utilised for this purpose.

4. Other Options Considered

- 4.1 As detailed within the body of this report additional funding streams are being explored to improve both the energy and carbon efficiency of the leisure centres.

5. Reasons for the Recommendations

- 5.1 In line with the Council's Financial Regulations the level of funding secured requires approval by the Cabinet.