



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

## Officer Delegated Decision

18 January 2024

Richard Wyles, Deputy Chief Executive  
and Section 151 Officer



## LeisureSK Limited – Urgent Funding Request

To request an immediate payment to LeisureSK Limited of £150k which will be funded from the Budget Stabilisation Reserve.

### Contact

Alison Hall-Wright, Deputy Director (Finance & ICT) and Deputy S151 Officer

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<b>Decision made by:</b>	Richard Wyles
<b>Decision:</b>	To transfer an immediate payment to LeisureSK Limited of £150k which will be funded from the Budget Stabilisation Reserve
<b>Public or Exempt:</b>	Public
<b>Reasons for exemption:</b>	
<b>Conflicts of interest:</b>	No
<b>Policy compliant:</b>	Yes
<b>Details of delegation:</b>	Cabinet have delegated to the Council's s151 Officer in consultation with the Cabinet Members for Finance and Economic Development responsibility to identify the most appropriate source of funding from which to make the payment

## 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***

- 1.1 Approval of the additional £150k management fee will ensure LeisureSK Limited can meet its cashflow requirements in January 2024. The cost of the additional management fee can be funded from the Budget Stabilisation Reserve.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

### ***Legal and Governance***

- 1.2 There are no significant legal or governance implications arising from this report. Cabinet has approved the £150k using urgent powers as set out in the Constitution.

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

## 2. The Purpose of the Report

- 2.1 Leisure SK Limited presented a report to the Culture and Leisure Overview and Scrutiny Committee (OSC) on 30<sup>th</sup> November 2023 which confirmed there was a management fee requirement of £738,942 ([LeisureSK Ltd Management Fee Request 2024 2025 Report.pdf \(southkesteven.gov.uk\)](#)) for the current financial year (which is partly offset by the approved £500k fee). This projected deficit has since increased to £772,949 and was included in the latest report to the OSC presented on 9 January 2024.
- 2.2 The drivers for this management fee shortfall have been reported to the OSC and Cabinet on 18 January 2024. They are primarily due to the impact of utility costs, the amount of irrecoverable VAT, software and professional fees and minimum wage increases.
- 2.3 A formal written request has been received from the Chair of LeisureSK Limited, for an additional £273k Management Fee to satisfy the company's financial commitments and cashflow requirements to the end of the current financial year.

- 2.4 However, due to cash flow constraints, £150k of this has been identified as an urgent requirement predominantly to meet the company's payroll liabilities for January. A full breakdown of the payroll and supplier costs, together with the company's anticipated income, up to the end of January 2024 is provided below:

Salary costs -	£120k
Payroll related costs - (mainly tax and NI payments)	£24k
Supplier payment - (including utilities £155k and insurance £55k)	£302k
<b>Total expenditure -</b>	<b>£446k</b>
Income –	£240k
Bank balance	£60k
<b>Total income -</b>	<b>£300k</b>
<b>Deficit –</b>	<b>£146k</b>

- 2.5 The report confirms the additional funding request is £273k, however £150k is being requested as an urgent item which leaves a balance of £123k. This balance is part of a budget amendment report which is a recommendation to Council for consideration on 25 January 2024. Cabinet approved the urgent payment to LeisureSK Ltd at its meeting on 18 January 2024 and delegated to the Council's s151 Officer in consultation with the Cabinet Member for Finance and Economic Development responsibility to identify the most appropriate source of funding from which to make the payment. It has been agreed to fund this payment from the Council's Budget Stabilisation Reserve.

### **3. Reasons for the Decision**

- 3.1 To approve the funding source for the urgent payment of £150k to LeisureSk Ltd.

### **4. Background**

- 4.1 An urgent Cabinet report was presented to Cabinet on 18 January 2024 to request this urgent payment. Exemption from call-in for this Cabinet decision was approved by the Chairman of the Council.

<http://moderngovsvr/documents/s40441/Budget%20Amendment%20Proposals%202023%20Cabinet%20Jan24.pdf>

<b>Report Timeline:</b>	Call-in deadline (where applicable)	N/A
	Date decision effective	18 January 2024

Signed by:

Richard Wyles, Deputy Chief Executive and Section 151 Officer

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