

Meeting of the Culture and Leisure Overview and Scrutiny Committee



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Tuesday, 18 June 2024, 10.00 am

Committee Members present

Councillor Murray Turner (Chairman)
Councillor Barry Dobson (Vice-Chairman)
Councillor Matthew Bailey
Councillor Emma Baker
Councillor Tim Harrison
Councillor Graham Jeal
Councillor Robert Leadenham
Councillor Paul Martin
Councillor Chris Noon

Cabinet Members

Councillor Ashley Baxter
Councillor Philip Knowles
Councillor Rhea Rayside
Councillor Paul Stokes

Officers

Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer
Debbie Roberts, Head of Corporate Projects, Policy and Performance
James Welbourn, Democratic Services Manager (Deputy Monitoring Officer)
Richard Wyles, Deputy Chief Executive and Section 151 Officer
Michael Chester, Leisure, Parks and Open Spaces Team Leader
Karen Bradford, Chief Executive
Charles James, Policy Officer
Claire Saunders, High Street Heritage Action Zone Project
Paul Sutton, Assistant Director of Finance/Deputy Section 151 Officer
Emma Whittaker, Assistant Director of Planning

Other Members present

Councillor Patsy Ellis
Councillor Paul Fellows

1. Public Speaking

There were no public speakers.

2. Apologies for absence

Apologies for absence were received from Councillor James Denniston, Councillor Gareth Knight, and Karen Whitfield.

Councillor Tim Harrison substituted for Councillor James Denniston, and Councillor Graham Jeal substituted for Councillor Gareth Knight.

3. Disclosure of Interests

Councillor Graham Jeal declared that he was a Board Member of the Dysart Park Action Group, but this did not preclude him from taking part in or voting on item 9 – Play Area Strategy.

Items 10, 11 and 12 related to LeisureSK Ltd. and LeisureSK Board Members present (Councillors Patsy Ellis and Philip Knowles, and Debbie Roberts, Matt Chamberlain and Paul Sutton) were advised that they could remain in the Council Chamber for items 10 and 12 to introduce the reports, and to answer any questions of them. They would be asked to leave the Council Chamber for any debate on these items, and it would not be appropriate for them to be present for item 11 – Overview and Scrutiny Leisure Working Group.

4. Minutes from the meeting held on 26 March 2024

The minutes of the meeting held on 26 March 2024 were approved as a correct record.

5. Updates from the previous meeting

An invite to tour the Council's Arts Venues would be sent out in the coming days.

6. Announcements or updates from the Leader of the Council, Cabinet Members or the Head of Paid Service

Deputy Leader and Portfolio Holder for Leisure and Culture

September's meeting of Culture and Leisure Overview and Scrutiny Committee would see a report reviewing the markets in the District.

Some suggestions and proposals would come forward for Grantham market. Grantham marketplace itself had been condensed whilst works took place.

There had been a substantial uptake from local crafters in the marketplace, and also an upturn in footfall. This may be related to the food stalls being moved from the south end of the market.

Work on bringing crafters into the market on the first Saturday of the month had worked well, as had the Farmers' market.

7. Grantham High Street Heritage Action Zone Completion Report

Members considered a final update on the completion of the High Street Heritage Action Zone (HAZ) programme, which came to an end on 31 March 2024. The programme was aimed at helping unlock the heritage potential of the town and assisting in economic recovery within Grantham town centre.

There were seven properties in Grantham town centre. Significant restoration and repair had taken place on Westgate Hall, amongst other properties. The total grant received was £672,000, with match funding from the Council. There was also a further £300,000 of private sector funding from those participating in the grant scheme.

An additional £370,000 of funding had been leveraged through the Scheme, used for ongoing contributions to the fit out at Westgate Hall with further private investment being used for shops in Grantham Town Centre.

£10,000 had been received from the Woodland Trust to support feasibility studies.

During the programme delivery Grantham was nominated for both the Academy of Urbanism 'Great Town and Small City' award, and the Visa 'Talk of the Town – Rising Star' Award.

There had been some challenges across the delivery of the programme, in particular the impact of inflation on the construction industry. This had been in part mitigated by re-negotiating with Historic England (HE); however HE had also required the suspension of grant funding in-year, as it could not be moved from one year to another.

When moving into this Scheme the Council built on the work delivered under a previous shop front scheme.

Overall, the programme had been successfully delivered.

Note: Councillor Graham Jeal left the Council Chamber at 10:20am

During debate, the following points were highlighted:

- There were similarities between the Heritage Action Zone funding and the Future High Streets Fund (FHSF) project. The two programmes

were funded by government departments, and issues could not be 'cross-funded'. There needed to be a clear-cut separation for the purposes of the Treasury.

- The HAZ bid was submitted first in December 2019, with the FHSF bid following in early 2020.

The Committee **NOTED** the report.

8. Corporate Plan 2020-23 Key Performance Indicators End-of-Plan and 2023/24 End-Year (Q4) Report

Members considered South Kesteven District Council's performance against the Corporate Plan 2020-23 Key Performance Indicators (KPIs) from January-March 2024, and received a summary of overall performance over the lifecycle of the Corporate Plan 2020-23.

The Council achieved five of the seven actions stated. In respect of the five actions within 2023/2024, four actions were 'green' (on-track), and one action was 'amber', i.e. below the planned target. Nothing was rated as 'red'.

The following points were highlighted during debate:

- An independent markets review was not received in adequate time to be prepared for this meeting.
- Markets were part of the Council's cultural offering. The old Corporate Plan measure related to markets becoming cost neutral; however there was now a thought that they would be referred to as a 'loss-leader' whilst recognising and reflecting on their income return. Many small businesses started on the market place and then expanded from there.

The Committee voted to **ACCEPT** the report.

9. Play Area Strategy

Members considered the draft Play Area Strategy for South Kesteven.

The Deputy Leader introduced the item highlighting the Council's key priorities and management of its 38 play areas across the District. The Council's Corporate Plan highlighted the role of physical activity in supporting healthy lifestyles whilst reducing health inequalities. Underpinning this was the objective of 'connecting communities and being an effective Council.'

The Strategy had come at a time the Council was facing additional financial pressures and the costs associated with maintaining play areas being ever increasing. The Strategy would allow the Council to prioritise those areas that required capital investment whilst allowing work to continue with external stakeholders to identify funding opportunities.

Note: Councillor Graham Jeal returned to the Council Chamber at 10:38am.

During debate, the following information was highlighted:

- There are occasions when other organisations, such as Parish Councils, can access funding that the District Council cannot.
- A contractor was currently in place to assess the Council's play equipment. The report confirmed £100,000 being allocated to the finance portfolio. This was an investment budget for the replacement of equipment – ongoing maintenance for the equipment was provided elsewhere.
- The development of an action plan, aided by the Committee would help guide and steer decisions on decisions related to play areas.
- As part of the tender specification for the Play Area at Gonerby Hill Foot the Equality and Diversity Officer was involved with supporting accessibility for people with additional needs.
- There was a good argument contained here for the development of a broader play strategy, which takes into account areas that children might play, such as playing fields.
- There were a number of groups in the District, such as the Dysart Park Action Group that were active. They had not specifically been part of the consultation on the draft Play Area Strategy, but they would be part of conversations over parks in the future. Should these types of groups attract funding then they would likely work in partnership with the Council.

ACTION – to share the Play Area Strategy with all parishes and relevant groups connected to play areas.

Having been moved and seconded, following a vote it was **AGREED** to:

- 1. Recommend the draft Play Area Strategy to Cabinet for approval.**
- 2. Request that an Action Plan be developed and presented to a future Culture and Leisure Overview and Scrutiny Committee, if the Strategy is approved by Cabinet.**

10. LeisureSK Ltd - Progress on Actions Requested by Cabinet

Members considered an update on the progress made with the actions requested by Cabinet in relation to LeisureSK Ltd, including an update on the leisure management options appraisal which was being undertaken.

At their meeting held on 9 January 2024 the members present moved a 'motion of no confidence' in LeisureSK Ltd. As a result, Cabinet at their meeting in January 2024 set a number of tasks to be undertaken to provide

assurance on the performance of LeisureSK Ltd, including bringing forward the timescale on alternative management options.

A new arrangement for the provision of leisure would need to be in place for 1 January 2026.

Speaking as a LeisureSK Board Member, Philip Knowles made a statement about the current situation with LeisureSK Ltd, highlighting the following:

- The issues with LeisureSK Ltd. were fundamental and deep rooted and involved maintaining three old leisure centres.
- Were the objectives, as guarantors of the buildings, to make a profit from the three leisure centres, or to provide high quality facilities?
- Board Members needed to create a set of parameters for the company to outline what was expected of them. Until recently, the Board membership consisted of two individuals, which was the minimum number of people required. This situation had been remedied by the appointment of three further Directors in April 2024. The appointment of Paul Sutton would ensure that figures were returned to Members in a timely manner given his previous experience and day to day role as Interim Head of Finance.
- At a recent Board meeting, there was a large staff contingent present.
- There was confidence in the Chairman, as one of the pre-existing Board Members of LeisureSK Ltd. to lead the team. The Board and staff required support and patience to do their job.

During debate, further information was highlighted:

- Earlier this year there had been a vote of no confidence in the Board of LeisureSK Ltd. – therefore it was appropriate for Cabinet to communicate with the Board at every available opportunity.
- LeisureSK Ltd. had an existing 5 year business plan which would end in the next 18 months. The LeisureSK Board would agree the business plan which would also contain the strategic aims of the company. The current contract with LeisureSK Ltd. could not be extended any further, and South Kesteven District Council (SKDC) would have to enter into a new arrangement. Members and officers would be looking at all options for the future management of the leisure provision, whilst doing a cost which would include:
 - Bringing the provision in-house
 - Going out to the wider market
 - Retaining LeisureSK Ltd. in its current form
 - Retaining LeisureSK Ltd. in an adapted formAll options would be subjected to a cost benefit analysis.
- LeisureSK was currently in a deficit position.

Note: At this point in proceedings Board members and staff of Leisure SK Ltd. (Philip Knowles, Patsy Ellis, Paul Sutton, Debbie Roberts and Matt Chamberlain) left the Council Chamber having answered any questions from SKDC members.

- Administration support provided by SKDC was in place for LeisureSK Ltd. – however if this was no longer required it could be withdrawn. It remained the case that SKDC and LeisureSK wanted to work together.
- The Leader of the Council had written to the Board, predominantly over concerns with cashflow. A mitigation plan had been requested.
- The Cabinet Member for Leisure and Culture attended LeisureSK Ltd. Board meetings as an observer.

Having previously been moved and seconded, and following a vote it was **AGREED**:

That the Culture and Leisure Overview and Scrutiny Committee:

- 1. Notes the progress made on the actions agreed by Cabinet on 18 January 2024 and requests any further information that is required at this stage.**
- 2. Agrees to receive a further report providing detailed information on the results of the leisure management options appraisal at a future meeting.**

11. Overview and Scrutiny Leisure Working Group

Members considered a request to form a Culture and Leisure Overview and Scrutiny Working Group to monitor the performance of LeisureSK Ltd.

This had been debated at a previous meeting to monitor performance, and a draft Terms of Reference had been developed.

Members and officers discussed the different ways of moving forward to discuss leisure options. Members were reminded that they could also hold additional or extraordinary meetings to discuss options as and when required.

With regard to LeisureSK Ltd., there were two key pieces of work outstanding, which were the Leisure Options Appraisal and the Performance Appraisal of LeisureSK Ltd.

Having been moved and seconded, and following a vote it was **AGREED** that:

- 1. Reports relating to the performance of LeisureSK Ltd continue to be considered at future Culture and Leisure Overview and**

Scrutiny Committee meetings rather than schedule additional working group meetings.

2. Democratic Services would work with the Chairman for an additional future meeting date to discuss LeisureSK Ltd.

Note: Councillor Graham Jeal left the Council Chamber and did not return.

12. Performance of Leisure SK (Projected outturn for 23/24 - LeisureSK Ltd)

Note: Philip Knowles, Paul Sutton, Debbie Roberts and Matt Chamberlain returned to the Council Chamber.

Members received an update regarding the performance of LeisureSK Ltd.

Debbie Roberts, Chairman of the LeisureSK Board presented the projected outturn for 2023/2024, and highlighted the following points:

- There was a deficit position, but the company was bearing this overspend and was not requesting any additional management fee from the Council at this point in time.
- There are a number of things for the Committee to note regarding the end of year position to the 31 March 2024:-
 1. Fitness income received at 31 March 2024 was more than the original budget.
 2. Swimming income received at 31 March 2024 was more than the original budget and continued to perform strongly.
 3. Children Income received at 31 March 2024 was below budget as parties and other children's activities were being coded to other cost centres. This had been rectified.
 4. Indoor activities income received at 31 March 2024 was very strong and above expected budget which was primarily due to the receipt of room hire income at Grantham The Meres and an increase in income from main hall activities at The Meres and Bourne Leisure Centre.
 5. Gross Profit was above budget at 31 March 2024 primarily due to the variances detailed above.
 6. Total Payroll Costs - the overspend at year end was due to increased costs for Swim School wages which was linked to the increased income from swimming and insufficient budget for National Insurance. Salaries had also been reforecasted to include redundancy and restructure costs.
 7. Utilities – the overspend at year end was due to utility costs being higher than originally budgeted.
 8. Premises costs were underspent at year end.
 9. Marketing and Communications Costs were overspent at year end, but this overspend related to the campaign in January 2024 with Big Wave.

10. Central costs – there was an overspend at year end. This was primarily due to an increase in the amount of irrecoverable VAT and the budgets for software and professional fees not being sufficient to cover the costs of the Gladstone system, the charges from Analytics 4 Energy relating to energy savings and the support provided by the Council to the company for Finance and IT. The company had since reviewed the Building Management System contract and had since cancelled it.

11. Contract Surplus/Deficit – the deficit at 31 March 2024 was an overspend on the budgeted deficit but as stated earlier in this report the company are reviewing this and bearing this cost.

- In March and April 2024 there was an increase in fitness memberships, and sales were in line with expectations.

During debate, further information was highlighted:

- Big Wave, a marketing consultant had recommended a mix of digital and physical communications from LeisureSK to residents. Officers distributed leaflets to 10,000 homes in Grantham and did the same in Bourne and Stamford. Also targeted digitally would be those individuals within the target demographic for leisure centres.
- Previously the leisure centres had been advertised in SK Today, the Council's newsletter. It was possible to restart this as well as advertising in many more places but the budget had to be managed responsibly.
- There was no substitute for word of mouth – the best way was for residents and members of the public to experience the leisure centres and look to receive positive feedback.
- Social media was a useful tool to advertise services.

Note: At this point in proceedings it was moved, seconded and **AGREED** to exclude the public and press from the meeting as commercially sensitive information may have been revealed to them had they remained.

- Whilst it was very difficult to project to the year end, there were forecast underspends in energy costs.
- Appropriate controls were in place for the receipting of goods and accounting. All staff of LeisureSK Ltd. had been trained on how to raise orders, and this had been completed within the last two months. The Financial Regulations had been shared with the Senior Team at LeisureSK Ltd.

ACTIONS – there was an action to circulate the financial information contained with an Excel document to Members. There was also an action to determine the breakdown of the split between price and usage for utility costs.

The report was **NOTED**.

13. Work Programme 2024-25

ACTION – the Chairman wished to add an item on a united strategy with leisure providers within SKDC – he would meet with the Chief Executive to discuss this.

The Play Area Strategy Action Plan was to return to Committee in September 2024.

The LeisureSK performance report for September 2024 was to include mitigation information.

The remainder of the workplan was noted.

14. Any other business which the Chairman, by reason of special circumstances, decides is urgent

The Chairman reiterated that Members could ask questions of him in between Committees if they felt there was an issue that needed to be brought to Committee.

The meeting closed at 12:30pm.