



Culture and Leisure Overview and Scrutiny Committee

Tuesday, 3rd September 2024

Report of Debbie Roberts, Chairman of
LeisureSK Ltd

LeisureSK Ltd – Cashflow and Mitigation 24/25

Report Author

Debbie Roberts, Chairman LeisureSK Ltd

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Purpose of Report

To provide an update regarding the cashflow and mitigation options of LeisureSK Ltd.

Recommendations

That the Committee:

1. Notes the update regarding the cashflow and mitigation options of LeisureSK Ltd.

Decision Information

Does the report contain any
exempt or confidential
information not for publication?

Yes - Exempt Appendix A - Not for publication by
virtue of paragraph 3 of Part 1 of Schedule 12A of
the Local Government Act

1. Background to the Report

- 1.1 The Council's Culture and Leisure Overview and Scrutiny Committee previously received updates at meetings on the 26th March 2024 and 18th June 2024 regarding the performance of LeisureSK Ltd.
- 1.2 LeisureSK Ltd faced operational challenges last financial year in relation to increased supplier costs and the significant increase in the cost of utilities. This aligned with the national picture and the challenges being faced by other leisure providers. A management fee of £500,000 for LeisureSK Ltd was budgeted for the last financial year 23/24, however because of difficult trading conditions during the previous year, an additional management fee of £123,000 was approved at a meeting of the Cabinet on 18 January 2024. In an extract from the minutes of that meeting it states the following point (s) be addressed: -
 - a. *To request officers write to LeisureSK Limited to request a mitigation and 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 for 2024/2025.*
- 1.3 In response to the point raised above all financial information has been shared with the Council and there has been correspondence between the Leader with regards to the cashflow and mitigation plan.
- 1.4 The independent review of the profit and loss account and business plan was undertaken by the Sport and Leisure Consultancy (SLC) and only highlighted one potential area for review which was to consider the latent demand for leisure and to work with Swim England on the swim school data, which is ongoing. The SLC report noted that the Companies staffing structure is lean and no savings could be made from this area.
- 1.5 The latest budget monitoring and cashflow for the Company from April to July 2024 is shown in **Exempt Appendix A**. The monitoring highlights a strong current forecast position and the impact of work the Company has undertaken to increase its income.
- 1.6 The report also highlights work undertaken to understand the current and forecast cash position and whilst the budget monitoring position provides a positive direction for the overall cash position, the Company would still require Council support or to manage the position over the year end.
- 1.7 The Company, since January 2024, made some immediate decisions to try to mitigate the financial position. These were as follows:-
 1. There was a recruitment freeze on all vacancies from January 24 - April 24
 2. A review of outstanding debts was undertaken and payments to the Company sought from external hirers and the Board of Directors of the Company agreed to cease subsidising advance bookings/events.

3. The Chairman of the Company asked the Council to explore the option of an overdraft facility for LeisureSK Ltd with the bank and one can be set up quickly should one be needed.

4. Health walks were encouraged to be led by volunteers or by partner organisations rather than LeisureSK staff, so LeisureSK supports these rather than facilitating now. There are numerous health walks throughout the District and prove to be extremely popular.

5. The Company invested in a report regarding a range of energy improvements across the leisure centres which has resulted to the Council investing in pool covers and LED light improvements at Grantham Meres which has started to have a reduction in the utility consumption. As such LeisureSK Ltd have ceased their contract (saving £40k per year) with Analytics 4 Energy which was on an energy share cost basis and have a maintenance contract so that the Company can get the benefit of the energy savings via the utility bills wholly.

6. The Bourne roof and lights are on track to be completed over the summer holidays and will also reduce utility costs from autumn 2024.

7. The Council have been successful in their SALIX funding meaning that Grantham Meres will benefit from solar PV on the roof by March 25 and new heating system in March 26 which not only reduces the carbon of the leisure centre but also the gas costs.

8. Events at Grantham Meres are better than pre-covid levels and are all running at a surplus.

9. The Board of Directors of LeisureSK Ltd are keen to highlight that the Company is still delivering high quality services for residents and achieved Quest 'Good' standard across all three leisure centres.

10. Membership sales across the centres has been strong in 2024 with new sales increasing by 197 (11.9%) against the same period last year (January-July) and are in line with the forecast in the budget.

11. As per the previous report the Company are confident that they can trade within the management fee for 24/25 and generate a level of surplus in 24/25.

1.8 A report later on this Agenda considers the timescales for the Company to present a budget and proposed management fee for the budget for 2025/26.

1.9 The Company will continue to work to maximise its income and minimise costs and work with the Council to set a budget that delivers the Councils aims and objectives for the leisure service.

2. Key Considerations

2.1 The contract between the Council and LeisureSK Ltd remains in place until December 2025.

3. Appendices

3.1 Exempt Appendix A – Budget Monitoring and Cashflow