

Meeting of the Culture and Leisure Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

**Tuesday, 3 September 2024, 10.30
am**

Committee Members present	Other Members present
Councillor Murray Turner (Chairman)	Councillor Harrish Bisnauthsing
Councillor Barry Dobson (Vice-Chairman)	Councillor Paul Fellows
Councillor Matthew Bailey	Councillor Bridget Ley
Councillor James Denniston	Councillor Patsy Ellis (LeisureSK Ltd Director)
Councillor Gareth Knight	
Councillor Robert Leadenham	
Councillor Paul Martin	
Councillor Chris Noon	
Councillor Tim Harrison	

Cabinet Members

Councillor Ashley Baxter
Councillor Richard Cleaver
Councillor Philip Knowles (LeisureSK Ltd Director)
Councillor Paul Stokes

Officers

Richard Wyles, Deputy Chief Executive and Section 151 Officer
Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer
Karen Whitfield, Assistant Director Leisure, Culture and Place
Debbie Roberts, Chairman of LeisureSK Ltd
Paul Sutton, Director of LeisureSK Ltd
David Monkhouse, Non-Executive Director LeisureSK Ltd
Matt Chamberlain, Contract Manager LeisureSK Ltd

15. Public Speaking

No requests for public speaking had been received.

16. Apologies for absence

An apology for absence had been received from Councillor Emma Baker who was substituted by Councillor Tim Harrison.

17. Disclosure of Interests

None disclosed.

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

No announcements or updates were given.

19. Presentation of 2024/25 budgets to include all anticipated expenditure

The Chairman of LeisureSK Ltd presented the report which provided an update on the budget for LeisureSK Ltd for 2024/25. A management fee of £450,000 had been confirmed to be paid to LeisureSK Ltd for 2024/25 in accordance with the fee approved by Council.

A business plan was approved by the LeisureSK Ltd Board of Directors who were confident that the Company could deliver the service within the management fee of £450,000.

As part of the additional budget requested by Cabinet earlier in the year an independent review of the Companies management fee was undertaken and it was found that two contractors had been omitted in error from the 2024/25 budget setting process. The LeisureSK Ltd Board had reviewed the budget and rectified the error and a reprofiled budget was shown in exempt Appendix A to the report.

The contract between the Council and LeisureSK Ltd remained in place until December 2025 and the budget prepared was in line with the management fee provided from the Council.

Questions in respect of the exempt appendix were discussed during the exclusion of the press and public as part of agenda item 6.

Members noted the update regarding LeisureSK Ltd.

20. Cashflow and mitigation plan for 2024/25

The Chairman of LeisureSK Ltd presented the report which provided an update regarding the cashflow and mitigation options of LeisureSK Ltd. LeisureSK Ltd had faced operational difficulties in the last financial year due to increased supplier costs and the significant increase in the cost of utilities. Although a management fee of £500,000 had been budgeted for in 2023/24, due to the difficult trading conditions during the previous year an additional management fee of £273,000 was approved in January 2024.

Cabinet had also requested that LeisureSK Ltd compile a mitigation and recovery plan for the financial years 2023/24 and 2024/25 in response to the management fee request with a view to reducing the level of management fee for 2024/25.

The LeisureSK Ltd Board of Directors had made some immediate decisions in January 2024 to mitigate the financial position as listed at paragraph 1.7 of the report which included:

- a recruitment freeze on all vacancies from January – April 2024,
- a review of outstanding debts and payments to the Company sought from external hirers. The Board of Directors of LeisureSK Ltd had also agreed to cease subsidising advance bookings/events.
- The Council had been asked to explore the option of an overdraft facility for LeisureSK Ltd with the bank
- Health walks which were popular throughout the District had been encouraged to be led by volunteers or by partner organisations rather than LeisureSK staff.
- A range of energy improvements across the leisure centres which had resulted in the investment of pool covers and LED light improvements at Grantham Meres which had already resulted in a reduction in the utility consumption.
- The Bourne roof and lights were on track to be completed over the summer and would also reduce utility costs.
- The Council had been successful in their SALIX funding and the Grantham Meres would benefit from solar PV on the roof by March 2025 and a new heating system in March 2026.
- Membership sales across the centres had been strong in 2024 with new sales increasing by 11.9% against the same period (January - July) last year and these were in line with the forecast in the budget.

A request was made to see membership/footfall figures for the last ten years to be able to compare figures. It was stated that not all this information would be available as the previous contractor would hold the data which LeisureSK Ltd did not have access to. However, what data was available would be compiled and circulated.

➤ **Action**

Data surrounding membership and footfall figures to be circulated to Committee Members for as far back as available.

The Chairman of LeisureSK Ltd was thanked for the presentation and it was felt that there had been an improvement in the operational running of the facilities. However, it was felt that the significant costs and the difficult trading conditions were only part of the issue and one Member still felt that there were extensive failures within LeisureSK Ltd.

At this point it was proposed, seconded and **AGREED** to go into exempt session.

21. Exclusion of Press and Public

It was proposed, seconded and **AGREED** to exclude the press and public in accordance with Section 100(A) of the Local Government Act 1972 during consideration of the following items of business because of the likelihood that

otherwise exempt information, as described in paragraph 3 of the Act (as amended) would be disclosed them.

Please see restricted minute.

Back in open session.

22. Timeline for presentation of 2025/26 budget information

Members were presented with the LeisureSK Ltd timeline for the 2025/26 budget. The management fee for 2025/26 had been drafted on a like for like basis of delivering leisure services on behalf of the Council with some financial caveats. A report would be drafted for consideration by the Culture and Leisure OSC in respect of the management fee and a business plan for 2025/26 to enable the management fee to be considered as part of the joint overview and scrutiny budget setting meetings.

It was noted that any changes to the National Minimum Wage which was part of the autumn budget may impact the reporting timeline and also assumptions had been made in respect of the electricity contract which runs from October 2024 to October 2025. It was expected that the draft budget would be discussed by the Board in November and then presented to the Committee.

A question was asked in respect of the budget and it was stated that the budget presented would depend on the outcome of the recommendation due to be debated at the afternoon's meeting.

The Deputy Chief Executive and Section 151 replied that it was a complicated picture going forward, currently there was no management fee included in the draft 2025/26 budget which already had pressures on it and was showing a deficit due to other pressures.

Members noted the updated timeline for requesting a management fee for LeisureSK Ltd.

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

None.

24. Close of meeting

The meeting closed at 11:38.