



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

## **Cabinet**

Tuesday, 11 February 2025

Report of Councillor Paul Stokes  
Deputy Leader of the Council, Cabinet  
Member for Leisure and Culture

# **Grantham Meres Leisure Centre Gym Refurbishment Proposals**

### **Report Author**

Karen Whitfield, Assistant Director – Leisure, Culture and Place

✉ [karen.whitfield@southkesteven.gov.uk](mailto:karen.whitfield@southkesteven.gov.uk)

### **Purpose of Report**

To consider a request from LeisureSK Ltd for a loan to finance a refurbishment of the gym area at Grantham Meres Leisure Centre.

### **Recommendations**

#### **That Cabinet:**

- 1. Approves the inclusion of a budget allocation of £240,000 to the capital budget for 2025/2026 to provide a loan to LeisureSK Ltd to facilitate a refurbishment of the gym area and equipment at Grantham Meres Leisure Centre.**
- 2. Subject to Council approval of a budget allocation, delegate authority to the Deputy Chief Executive and s151 Officer in consultation with the Deputy Leader and Cabinet Member for Leisure and Culture, to agree the final terms and conditions of the loan and sign the loan agreement on behalf of the Council.**

### Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	Appendices One and Two are not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act – commercially sensitive financial information
What are the relevant corporate priorities?	Connecting communities
Which wards are impacted?	Grantham 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 Board of Directors for LeisureSK Ltd has formally approached the Council and requested that a loan be provided in the sum of £239,135.15 to be repaid over a period to be determined. The recommendation is for the Council to provide the loan to allow LeisureSK Ltd to procure the equipment and manage the refurbishment.
- 1.2 If the recommendations within this report are approved the provision of the loan will be added to the Council's capital budget programme for 2025/2026 and considered for approval as part of the Council's budget setting process.
- 1.3 Should the capital budget be approved it is requested that delegated authority be provided to the s151 Officer, in delegation with the Deputy Leader and Cabinet Member for Leisure and Culture, to determine the final terms and conditions of the loan.
- 1.4 In accordance with LeisureSK Ltd's Financial Regulations a total of three independent quotes have been secured and evaluated prior to a preferred supplier being identified.

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

## ***Legal and Governance***

- 1.5 The provision of funds and inclusion in the Council's budget setting process is in accordance with the Council's governance processes and Financial Regulations.

*Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer*

## **2. Background to the Report**

- 2.1. The Council's Corporate Plan (2024 – 2027) identifies the key priority of Connecting Communities with an ambition to deliver and facilitate a sustainable leisure and cultural offer. The Council's Sports and Physical Activity Strategy (2021 – 2026) also sets out the vision to provide opportunities for all South Kesteven residents to live healthy, active lifestyles.
- 2.2. LeisureSK Ltd is the Council's wholly owned company contracted to manage the Council's three leisure facilities. The current contract is due to terminate at the end of March 2025 with a new 10-year contract, based on agency principles, due to commence from 1 April 2025.
- 2.3. In financial year 2022/2023, the Council provided a loan in the sum of £137,000 to LeisureSK Ltd to undertake a refurbishment of the gym area and equipment at Bourne Leisure Centre. The loan was for a five-year period and commenced on 1<sup>st</sup> January 2023, the repayments are ongoing and being met in accordance with the terms of the loan agreement.
- 2.4. The refurbishment of the gym equipment at Bourne Leisure Centre has had a positive impact on the membership numbers and resulting income. As such it is the only leisure centre within the Council's portfolio where membership numbers are outperforming pre-Covid levels.

### **Grantham Meres Proposal**

- 2.5. Within the leisure industry it is generally accepted that the lifespan for gym equipment is around eight years. The gym equipment currently in use at Grantham Meres Leisure Centre was provided in 2016 by the Council's then provider, 1Life Management Solutions Ltd.
- 2.6. The existing gym facility at Grantham Meres has a total of 59 stations containing a mix of cardio and weight training equipment. This has been regularly maintained and repaired, however at over eight years old the equipment is reaching the end of its useful life. As a result, LeisureSK Ltd are experiencing an increasing number of equipment breakdowns requiring repair.

- 2.7. Compounding this is the increased competition from other facilities within the locality of Grantham, all of which have new and increased levels of equipment. Therefore, the proposal to refurbish the gym equipment at Grantham Meres Leisure Centre has been identified as a priority by the Board of Directors.
- 2.8. The Contract Manager for LeisureSK Ltd has worked with suppliers to identify the cost and ideal layout and equipment mix for a refurbishment of the gym area. Four independent quotes were requested, with three being received and evaluated before a preferred provider was selected. This is in accordance with LeisureSK Ltd's financial procedures.
- 2.9. The proposal is to replace the existing equipment with state-of-the-art equipment ensuring an appropriate mix to ensure the gym is attractive and offers something for all ages and abilities. The cost identified includes the installation of the equipment, lighting and flooring
- 2.10. The proposed changes will increase the number of gym stations from 59 to 71 and maximise the space available. **Exempt Appendix One** contains a presentation providing a visual representation of the gym area once the proposed refurbishment is completed.
- 2.11. The request from LeisureSK Ltd to provide a loan and associated business case is attached at **Exempt Appendix Two**. This provides further information on the anticipated benefits, impact on membership numbers and prices, and competitor analysis undertaken.

### **3. Key Considerations**

- 3.1. The contract with LeisureSK Ltd provides that the Council is responsible for funding any deficit between the income the company generates and the expenditure it has incurred via a management fee payment. Therefore, any improvement in the company's performance, or any savings made, result in a financial benefit to the Council.
- 3.2. In addition to impacting the ability to attract new customers, the age and condition of the current gym equipment at Grantham Meres Leisure Centre may result in the company being unable to retain the existing customer database.

### **4. Other Options Considered**

- 4.1. The Directors for LeisureSK Ltd have explored leasing options to refresh the equipment at Grantham Meres Leisure Centre. This has identified that the cost of doing so would be more expensive and therefore not provide best value for money. It may also be necessary for the Council to provide a parent company guarantee should a leasing option be progressed.

## **5. Reasons for the Recommendations**

- 5.1. The Council have previously provided a loan to LeisureSK Ltd to refurbish the gym area at Bourne Leisure Centre. The company are meeting the loan repayments and have seen an increase in the income and membership numbers at Bourne Leisure Centre as a result.
- 5.2. The request for a loan from LeisureSK Ltd can be incorporated and considered within the Council's budget proposals for 2025/26.

## **6. Appendices**

- 6.1. **Exempt Appendix One** – Gym Refurbishment Presentation.
- 6.2. **Exempt Appendix Two** – Request for Loan and Business Case from LeisureSK Ltd.