



Culture and Leisure Overview and Scrutiny Committee

Thursday, 11 December 2025

Report of David Ruston, Chairman of
LeisureSK Ltd

LeisureSK Ltd Finance and Operational Performance Update – Quarter 2 2025/26

Report Author

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Purpose of Report

To provide an update regarding the finance and operational performance of LeisureSK Ltd during quarter 2 of financial year 2025/26.

Recommendations

The Committee is recommended to note the contents of the report.

Decision Information

Does the report contain any exempt or confidential information not for publication?

Yes - Exempt Appendix One - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 – financial information.

1. Background to the Report

- 1.1 The Council's Corporate Plan 2024/27 sets out the key priorities for the Council including its leisure service. Encouraging sport and physical activity to support healthy lifestyles by reducing health inequalities and delivering a sustainable leisure offer helps to support the Council's corporate ambition and provides opportunities for improved health and wellbeing outcomes for local communities.
- 1.2 The Council's leisure contract with LeisureSK Ltd focusses on embedding an approach that seeks to continuously improve service delivery and customer experience.
- 1.3 Members of the Committee have previously received an update on the Company's performance during quarter 1 on Tuesday 15 July 2025 (see **Background Papers**).
- 1.4 Overall fitness memberships have decreased by 4.8% over the comparative 12-month period to the end of September, primarily due to a loss of members at Stamford following the opening of PureGym.
- 1.5 Swim School memberships have decreased by 5.3% over the comparative 12-month period to the end of September with the Direct Debit income being 2.1% behind budget. It is anticipated that the above budget price increase in September 2025 will help mitigate most of the financial impact for the remainder of the financial year.
- 1.6 Events have continued to be held regularly at Grantham Meres and generate income supporting the cashflow of the Company.
- 1.7 Utility costs have continued to perform well due to reduced consumption from the favourable weather conditions and increased solar generation at Grantham Meres reducing the electricity usage.
- 1.8 At an extraordinary meeting of this Committee on 28 August 2025 an updated business plan was presented to support the refurbishment of the gym at Grantham Meres Leisure Centre (see **Background Papers**). Following this meeting a full procurement process was launched working with Welland Procurement, to develop a specification and tender opportunity. A total of three tenders were received, and a contract has since been awarded to Pulse Fitness to refurbish the gym. Works are expected to commence on 11 December 2025 with the completed refurbishment being completed and available for members to use from 27 December 2025.
- 1.9 It is worth noting, the continuing improvement in the current financial position of the Company, which is discussed at each Board meeting. At the end of Q2 the current forecast outturn for the end of the current financial year is forecasting an operating profit of £148,500 which is an overachievement of £76,000 against the budget. This provides sufficient headroom to fund the annual loan repayment for

Bourne and the part year for Grantham totalling £38,654 resulting in a overall surplus of £38k which under the agency principles would be returned to the Council. More detailed information is provided in **Appendix One**.

2. Key Considerations

- 2.1. The new 10-year contract between the Council and LeisureSK Ltd commenced on 1st April 2025 under agency principles which based on the current forecast is predicting an operating surplus for 2025/26.
- 2.2. LeisureSK Ltd is committed to supporting the Council achieving its ambitions of having a sustainable leisure and cultural offer as per the Corporate Plan 2024/27.
- 2.3. LeisureSK Ltd continue to report to the Council around the KPI's as agreed in the Leisure Services Contract on a quarterly basis. The Council then report against the KPI's to this committee separately.

3. Background Papers

- 3.1. *LeisureSK Ltd – Provisional Outturn 2024/25 and Finance and Operational Performance Update 2025/26* – Report to Culture and Leisure Overview and Scrutiny Committee, published 07 July 2025, available online at: <http://moderngovsvr/documents/s47293/LeisureSK%20Financial%20and%20Operational%20Performance.pdf>
- 3.2. *Grantham Meres Leisure Centre Gym Refurbishment* – Report to Culture and Leisure Overview and Scrutiny Committee (Extraordinary), published 19 August 2025, available online at: <http://moderngovsvr/documents/s47654/Report.pdf>

4. Appendices

- 4.1. Exempt Appendix One – Financial Performance April – March 2026