



Culture and Leisure Overview and Scrutiny Committee

Thursday, 11 December 2025

Report of David Rushton, Chairman of LeisureSK Ltd

LeisureSK Ltd Annual Budget and Business Plan 2026/27

Report Author

David Rushton, Chairman of LeisureSK Ltd

 david.rushton@leisuresk.co.uk

Purpose of Report

For the Culture and Leisure Overview and Scrutiny Committee to receive the annual budget and accompanying business plan for financial year 2026/27.

Recommendations

The Culture and Leisure Overview and Scrutiny Committee is requested to:

- 1. Note the annual budget for LeisureSK Ltd for financial year 2026/27.**
- 2. Endorse the accompanying Business Plan for LeisureSK Ltd for financial year 2026/27.**

Decision Information

Does the report contain any exempt or confidential information not for publication?

Yes - Exempt Appendix One and Two - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 – financial information.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 LeisureSK Ltd entered into a new 10-year agency contract agreement with the Council commencing on 01 April 2025, whereby income is collected by LeisureSK Ltd on behalf of the Council and a monthly reconciliation is carried out. Any expenditure incurred in delivering the service is deducted before the surplus income is transferred to the Council.
- 1.3 Prior to this new arrangement the Council had been providing significant financial support for LeisureSK Ltd each year in the form of a management fee. However, based on the current trading position of the company there was no management fee required at present under the new agency arrangement. For current financial year and the company are forecasting net surplus of £110k (£38k increase over budget surplus of £72k as at the end of September 2025 which under the agency principles would be returned to the Council).
- 1.4 As part of the Council's annual budget setting process, LeisureSK Ltd is required to present their draft budget to Members of the Culture and Leisure Overview and Scrutiny Committee as this will impact on the Council's overall budget for financial year 2026/27.
- 1.5 The Board of Directors have considered a draft budget for the company and have agreed this is an accurate reflection of how the business is expected to perform in 2026/27. The draft budget summary is attached to this report at **Exempt Appendix One**.
- 1.6 The budgeted net position for LeisureSK Ltd in 2026/27 is a surplus of £183,735 (this does not include any loan deduction for the replacement gym equipment at Stamford). Paragraphs 1.7 to 1.13 demonstrate some of the significant changes for key income lines compared to the forecasted position for 2025/26.

Income

- 1.7 Overall total income is projected to grow from £3.88M to £4.06M to (4.6%) which is mainly as a result of the projected fitness income increase at Grantham Meres Leisure Centre following the investment in 2025/26.

- 1.8 Total fitness income is projected to grow by 9.8% as a result of a review of membership prices and predicted growth in memberships numbers at Grantham Meres Leisure Centre following completion of the gym refurbishment.
- 1.9 Total swimming income is projected to grow by 1.9% across the year with a budgeted annual price increase of £1 per month for swimming lessons to take effect from September 2026.
- 1.10 Overall total income is projected to grow by 3.3% which is mainly as a result of the projected fitness income increase at Grantham Meres Leisure Centre following the investment in 2025/26. The projected net income growth by site against the 2025/26 forecast is Grantham Meres £95k (5.0%), Bourne £26k (2.1%) and Stamford £19k (2.6%).

Expenditure

- 1.11 Total utility costs are budgeted to reduce by 26.7% which is driven by efficiency savings from the decarbonisation project currently taking place at Grantham Meres Leisure Centre. Leisure Energy who are the principal contractor for the project have provided the company with projected utility costs once the project has been completed and therefore within the budgeted reduction a contingency has been provided for within the budget.
- 1.12 Total staffing costs are budgeted to increase by 6.1%. Whilst this may seem high, it takes into account the announcement made by Central Government in November 2025 that National Living Wage will increase by 4.1% to £12.71 per hour from April 2026, which will impact the majority of employees.
- 1.13 Also included in the budgeted total staffing costs are the introduction of new roles for the company which include a Contract Sales/Business Development Manager, additional cleaning hours at Stamford Leisure Pool, and a part time Maintenance Assistant role to cover both Bourne Leisure Centre and Stamford Leisure Pool.

Business Plan

- 1.14 The Business Plan for LeisureSK Ltd to cover the financial year 2026/27 is attached at **Exempt Appendix Two**. The Business Plan has been developed by the Contract Manager for LeisureSK Ltd, in collaboration with the Board of Directors.
- 1.15 The Business Plan has been developed taking into account the new agency contract arrangement with the Council as well as the updated suite of Key Performance Indicators within the Leisure Services Specification.

1.16 Within the business plan one of the key objectives is to complete a gym refurbishment at Stamford as part of the investment across all sites. LeisureSK Ltd would look again for a loan from the Council to undertake these works in line with the previous investment at Bourne and Grantham. A provisional sum of £95k has been modelled for these works and is to be included in the Council's General Fund Capital Programme 2026/27.

2. Key Considerations

- 2.1. The new 10-year contract between the Council and LeisureSK Ltd commenced on 1st April 2025 under agency principles. The company forecasting an are forecasting net surplus of £110k (£38k increase over budget surplus of £72k) which will be used towards repayment of the £150k cashflow injection agreed at the beginning of the financial year.
- 2.2. A budget has been prepared and agreed by the Board of Directors for financial year 2026/27 with a budgeted surplus of £183,735 which includes the repayment of the two current loans for the gym investment at Bourne and Grantham.
- 2.3. The above surplus doesn't include any loan repayment for any investment at the gym in Stamford but there is sufficient headroom in the budget to cover any repayment and still generate an overall surplus. There may also be other investment initiatives that LeisureSK Ltd would like to explore which would be brought forward to the Council for consideration based on a budgeted surplus within the draft business plan.
- 2.4. 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.

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 – LeisureSK Ltd Draft Budget Summary 2026/27**
- 4.2. Exempt Appendix Two – LeisureSK Ltd Business Plan 2026/27**