



Report to: Cabinet Meeting: 20 February 2024

Portfolio Holder: Councillor Susan Crosby, Health, Wellbeing & Leisure  
Councillor Paul Peacock, Strategy, Performance & Finance

Director & Lead: Sanjiv Kohli, Deputy Chief Executive, s151 Officer, Director - Resources Officer

Report Summary	
<b>Type of Report</b>	Open / Non-Key Decision
<b>Report Title</b>	Proposed Development of a New Swimming Facility at Southwell Leisure Centre
<b>Purpose of Report</b>	To update Cabinet on progress and proposed next steps towards development of a new swimming facility at Southwell Leisure Centre.
<b>Recommendations</b>	<p>That:</p> <ul style="list-style-type: none"> <li>a) the progress to date be noted;</li> <li>b) the Director of Resources/Deputy Chief Executive and the Monitoring Officer, in consultation with the Leader and Portfolio Holder for Health, Wellbeing &amp; Leisure, be authorised to progress a joint submission with Southwell Leisure Centre Trust to the Charity Commission in order to safeguard the Council’s investment of £5.5m in a new swimming facility at Southwell Leisure Centre;</li> <li>c) the Director of Resources/Deputy Chief Executive, in consultation with the Leader and Portfolio Holder for Health, Wellbeing &amp; Leisure be authorised to progress the development of a new swimming facility at Southwell Leisure Centre Trust; and</li> <li>d) the Director of Resources/Deputy Chief Executive, in consultation with the Leader and Portfolio Holder for Health, Wellbeing &amp; Leisure be authorised to enter into and agree terms with Southwell Leisure Centre Trust and other relevant landowners that enables the project to proceed, whilst protecting the Council’s financial investment.</li> </ul>

<b>Alternative Options Considered</b>	Three other options have already been discounted and covered in the report to Cabinet dated 19 December 2023; “Do nothing” and leave Southwell without a swimming facility, sleeve the pipework which was considered not to be viable and line the pool at a cost of £645,435.
<b>Reason for Recommendations</b>	To progress and expedite the provision of a replacement swimming facility at Southwell.

## **1.0 Background and Proposals**

- 1.1 On 19 December 2023, Cabinet approved a capital budget of £5.5m to provide a replacement learner and main pool at Southwell Leisure Centre. This decision followed the closure of the main pool arising from detailed investigations which revealed substantial repair items. The only alternative viable repair option was to line the pool (i.e. install a false floor in the existing pool) with new pipework at an estimated cost of £645,435.00.
- 1.2 The decision to invest in a new swimming pool facility was subject to agreement to land transfer with relevant landowners, the main parties being Southwell Leisure Centre Trust and Southwell Town Council.
- 1.3 The Council’s position has not changed since Cabinet’s decision in December. However, agreement to land transfer has not yet been confirmed with Southwell Leisure Centre Trust and is complicated as the approval of the Charity Commission is required for disposal of charitable assets and further complicated by the landlord/tenant lease relationship that exists between the Trust and the Council. The current lease and wider governance arrangements are stifling progress towards delivery of a new pool and need to change in such a way to meet the Charity Commission’s requirements and accommodate the following shared objectives:
- Ensure Newark and Sherwood District Council has sufficient control and protection for its proposed and ongoing investment in the centre.
  - Recognises and enables meaningful community involvement in the running of the centre, such as is sensitive to the historic model of community ownership.
  - Protects future use of the land in the Trust’s ownership for the sole purpose of fulfilling the current charitable objectives.
  - Enables as swift progress as possible to secure delivery of a new pool.
- 1.4 Officers have sought external legal advice and the Trust has approached the Charity Commission for support about how best to move forward. The Trust is scheduled to meet on 27 February 2024 and will be asked to formally ratify the above objectives, to agree to make a joint submission to the Charity Commission with the Council to transfer the land and to confirm its support for a replacement main pool and in doing so no longer pursue a repair option.
- 1.5 Subject to the Trust’s agreement on 27 February 2024, Officers will prepare proposals for consideration by Southwell Town Council.

**2.0 Implications**

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

**Financial Implications (FIN23-24/9180)**

2.1 The financial implications for the preferred option of building a new main pool and learner pool were detailed in the report to Cabinet on 19 December 2023. The two-month delay since Cabinet made the decision to invest £5.5m has pushed back the capital and revenue cost implications. The revised implications are set out in the table below.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
GF Revenue - Feasibility	12,500	12,500	
GF Capital - Development		2,750.00	2,750.00

2.2 The £25,000 feasibility expenditure will be funded from the Capital Feasibility Reserve, and it is envisaged that half of the £25,000 approved by Cabinet on 19 December will be incurred in the current financial year with the other half in the next financial year. The £5.5m Capital budget will need to be financed by borrowing and the total annual cost of borrowing is estimated at £385,000 each year for 50 years. This full charge will only occur in the year following completion of the building, but partial charges will be made until then based on the profiling of the scheme. The table below demonstrates this.

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Minimum Revenue Provision (MRP)	0	55,000	110,000
Interest	0	137,500	275,000
<b>Total Cost of Financing</b>	<b>0</b>	<b>192,500</b>	<b>385,000</b>

2.3 In the table above, the interest on borrowing has been estimated at 5% for a loan over 50 years. The current rate is 5.1% but there is an anticipation that there will be a reduction in base rate before a loan is entered. The full cost of borrowing over the 50-year period at £385,000 per annum is £19,250,000.

2.4 With regard to the loss of income from the main pool the figures reported to Cabinet on 19 December 2023 were based on the temporary closure of the main swimming pool, which commenced in October 2023.

2.5 When the decision was made in December to close the main pool permanently, Active4Today (the Company) worked hard to mitigate any losses by:

- Relocating over 100 swimming lessons to the other pool operated by the Company.
- Adding additional dry side courses, in order to try and retain customers.
- Relocated staff to other facilities operated by the Company.

- 2.6 At this stage the Company advised customers of the options available to them and reinstated payments for existing customers from 1 February 2024. As expected, this has now triggered several cancellation requests, which the Company are now discussing with members, to ascertain if a downgrade of membership may offer them a suitable alternative.
- 2.7 As a result of this work, the real impact of the cancellations and mitigations will not be known until the end of March 2024. In view of this, the Company continues to work on the information provided to Members in December, where the net loss was estimated at £20,000 per a 4-week period. The estimated net loss of income is therefore as reported to Cabinet on 19 December 2023.

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Potential Income Loss	110,000	260,000	260,000

- 2.8 The estimated loss of income in the above table have been adjusted for in the budget for 2024/25 to 2026/27 and the gap in funding in those years will be funded by a draw down from the MTFP reserve with the expectation that the base budget net income will be re-instated when the new pool has been built and is operational.

**Legal Implications**

- 2.9 Any terms agreed to enable the project to proceed should be subject to grant of planning permission, any necessary Charity Commission consents and any other relevant pre-conditions for development.

**Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Previous Reports to Cabinet

- [‘Southwell Leisure Centre Works’ - 31 October 2023 \(item 55\)](#)
- [‘Southwell Leisure Centre Works Update – Main Pool’ – 19 December 2023 \(item 12\)](#)