



Corporate Board

15 November 2022

RICHMOND SWIMMING POOL AND RICHMONDSHIRE LEISURE TRUST – REQUEST FOR ADDITIONAL FUNDING

Report of Senior Management Team

All Wards
Key Decision - Y

1.0 Purpose of Report

- 1.1 To update Members on progress regarding the governance and relationship between the District Council and Richmondshire Leisure Trust (RLT).
- 1.2 To consider a request received from Richmondshire Leisure Trust for additional funding.

2.0 Decisions Sought

- 2.1 To consider the funding request of RLT.

3.0 Link to Corporate Priorities

- 3.1 This proposal links to the Council Plan priorities:

- *Working with our communities*
- *Providing a Healthy Environment*

4.0 Introduction & Background

- 4.1 RLT is a company limited by Guarantee which was formed in April 2004, and which became a registered charity in 2005.
- 4.2 The company was established to provide or assist in the provision of facilities and services for recreational, sporting, and other leisure activities under a structure that allowed it to operate separately from the District Council in a more cost-efficient manner with regards to business rates and accessing grant funding.
- 4.3 The Council lease the Richmond Swimming Pool and surrounding land to RLT. The new 25-year lease of the Swimming Pool has been completed and we are awaiting signature by the Leisure Trust.
- 4.4 The District Council make an annual revenue grant to the Leisure Trust (which is the largest discretionary payment made by the Council) to support the operation of Richmond Swimming Pool and this is accompanied by annual capital expenditure of

£20,000 relating to maintenance of the Richmond Swimming pool building in accordance with the terms of the Lease.

4.5 The Council has embarked on a major refurbishment scheme of the Richmond Swimming Pool at a cost of £1.9 million and has agreed to pay RLT compensation of **£65,000** (+/- 15%) for loss of income/increased costs whilst the Pool is closed for the works. The work is progressing well, but the completion date has been revised due to unforeseen additional work needed with re-opening not likely until January 2023. This will increase the compensation amount by between **£13,000 and £20,000**, dependant on the actual re-opening date. Additional internal works have been approved recently, not included in the original scope, but deemed to be needed, which has increased costs by an estimated £35,000, £5000 of which will be funded by the Trust. At this stage there is no request for additional budget, but this will continue to be monitored.

4.6 A copy of the reports to Members of Corporate Board in April 2021 and June 2022 are available [here](#) and [here](#).

5.0 Update on funding discussions

5.1 As agreed at the June 2022 Corporate Board meeting the Council has now signed a funding agreement with RLT through the provision of a core grant of **£313,000 per annum, which was increased by £50,000** for 5 years with effect from April 2022, and is subject to an inflationary increase in line with CPI. The terms of this agreement covers the contribution to the running of Richmond Swimming pool and sports development activities.

5.2 In net terms, this equates to **4.86%** of Richmondshire District Council's revenue budget for 2022/23.

5.3 Additionally, the Council has within its Capital Programme an annual sum of **£20,000** to cover the ongoing annual repairs that are required at the Swimming Pool in accordance with the terms of the Lease between the Council and RLT.

5.4 It has recently been brought to the Council's attention following public reports made in relation to RLT that the Trust is handing back the facility of Colburn Leisure Centre to Colburn Town Council by 31 December 2022 due to increasing energy costs. Members are reminded that Richmondshire District Council established RLT to run the Richmond Swimming pool. RLT has over the years expanded its activities to include Colburn Leisure Centre and other facilities.

5.5 Discussions have now commenced between Colburn Town Council and District Council officers to explore options for the future of the Colburn Leisure Centre building and to offer advice and guidance.

5.6 The Leisure Trust has informed Officers at the Council that they have secured short term contracts for the supply of electricity and gas. However, due to the significant increases in utilities prices this will cause significant strain on their annual budget for 2022/23.

5.7 The Council needs to consider this in the context of the service provided at Richmond Swimming pool as supported by the funding set out in paragraph 5.1 above.

- 5.8 The financial statements for Richmondshire Leisure Trust as of 31 March 2022, show that there are the following reserves:

As at 31 March 2022	£
Total Reserves	241,919
Less: restricted for specific purposes	28,897
Total available general reserves	212,919

- 5.9 An initial budget was approved by RLT after the Council agreed the additional £50,000 per annum support (see paragraph 5.1).
- 5.10 Since setting the budget the Trust has signed a new short-term contract for utilities, which in line with current market conditions is significantly more expensive than the previous contract. Initial estimates by the Trust identify additional costs of up to £100,000 in the current year relating to the Pool. This is before the impact of the solar panels and air source heat pump are known and considered.
- 5.11 RLT has set aside a contingency sum from its general reserves, a small sum for improvements to the Pool (paragraph 4.5) and has earmarked some of the balance on reserves to fund expected utility cost increases.
- 5.12 The latest budget figures for RLT are also before considering the additional funding to be received from Richmondshire District Council during the closure of the facility – the £65k approved and any further sum the Council wishes to set aside.
- 5.13 Taking the above into account, as well as the impact of handing Colburn Leisure Centre back to Colburn Town Council, it is believed that RLT has sufficient general reserves to cover the additional utility costs in 2022/23. It is, however, recognised that the impact would significantly deplete the level of reserves available to the Trust.
- 5.14 It is also recognised that the increased utility costs will flow through into 2023/24, and whilst Richmondshire District Council will no longer be in existence the pressure has been flagged for the new North Yorkshire Council to consider.
- 5.15 Members are requested to consider if they wish to provide additional support to RLT for additional utility costs relating to Richmond Swimming pool. If this is the case, it is suggested that this is best done by setting a cap on the total cost to Richmondshire (subject to s24 consideration) and that RLT submit details of usage (via copy invoices from the supplier) for Richmond Swimming pool and a reimbursement based on the difference between the old contract and new contract terms be made.

6.0 Recommendations

- 6.1 That Members note the current levels of support provided to Richmondshire Leisure Trust.

- 6.2 That Members approve the additional funding requested to cover further lost income from the closure of the pool of up to £20,000.
- 6.3 That Members consider if they wish to provide additional funding to support RLT fund utility costs for Richmond Swimming Pool, including the mechanism to enable this.
-

7.0 Corporate Implications

Scrutiny Consultation	Scrutiny have not been consulted on this proposal.
Community Engagement	No community engagement has been undertaken on this proposal, but the Leisure Trust have been consulted.
Environment & Sustainability	The capital scheme will improve the longer-term sustainability of the Pool and the associated solar panel installation will bring environmental benefits via a reduction in energy use.
Financial Implications	The revenue and capital implications are outlined in the main body of the report.
Legal Implications	The Funding Agreement covers the relationship between the District Council and the Trust. The Capital work will be funded and managed by the Council as the owner of the building and no legal implications are anticipated in this respect.
Risk Implications	The key risks are: Failure to approve a longer-term working arrangement with the Trust has an adverse impact on the sustainability of the Trust as a Charitable Organisation.
Human Resource Implications	None.
Equalities Implications	None.
Health & Safety Implications	Health and Safety implications will be managed via safe operating procedures.

8.0 Further Information

- 8.1 Background Papers – Corporate Board Report 13 April 2021
Corporate Board Report 14 June 2022
- 8.2 File Reference – None
- 8.3 Appendices – None

Contact Officers:

Colin Dales / Callum McKeon / Sian Moore

Email/Extension:

colin.dales@richmondshire.gov.uk

Ext: 44003

Spokespersons:

Cllr Grant / Cllr Good / Cllr Wicks / Cllr Dale