

<b>Community Committee</b>	
<b>Meeting Date</b>	5 March 2025
<b>Report Title</b>	Swale Leisure Contract – Faversham Pools
<b>EMT Lead</b>	Emma Wiggins, Director of Regeneration and Neighbourhoods
<b>Head of Service</b>	Martyn Cassell, Head of Environment and Leisure
<b>Lead Officer</b>	Jay Jenkins, Leisure & Technical Services Manager
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. Members are requested to review the implications of including Faversham Pools into the Swale Leisure contract from April 2027 and decide; <ol style="list-style-type: none"> <li>a) To include Faversham Pools in the upcoming Leisure contract tender (subject to agreement of final terms).</li> <li>b) To not include Faversham Pools in the tender and proceed to tender for the existing facilities.</li> </ol> </li> <li>2. Officers are delegated to continue to work with the Members Working Group and Faversham Pools Trust in finalising the tender specification and documentation, legal framework and proceed with the tender.</li> </ol>

## **1 Purpose of Report and Executive Summary**

- 1.1 This report details the recent discussions with the Members Working Group and Faversham Pools Trust regarding their potential involvement in the Swale Leisure Contract from April 2027.
- 1.2 The report confirms the decision of the Faversham Pools Trust Board to be considered for the Swale Leisure contract from April 2027: *The trustees as directors of the company passed a formal resolution that “the charity will proceed with an outsourcing contract with SBC, subject to finalising terms.”*
- 1.3 The Committee are asked to discuss the implications (positive and negative) of including Faversham Pools in the contract and make a decision ahead of the tender.

## **2 Background**

- 2.1 The existing leisure contract (covering Swallows & Sheppey) is due to expire on 31 March 2027.

- 2.2 On the 21 January 2025, the Community Committee approved the working group's recommendation to proceed to an external procurement process on a 10 + 5-year basis from April 2027.
- 2.3 Faversham Pools Trust is currently not a party to the Leisure Centre management contract, as it has a separate long-term lease (60 years from 4 October 1993) with SBC to operate the indoor swimming pool, supplemented by an annual grant agreement. The Trust owns the freehold to the attached outdoor pools following the gifting of the land and public donations from residents of Faversham. They do a fantastic job of managing the site, but the nature of the annual grant agreement and ever-increasing costs of operating give rise to an uncertain future.
- 2.4 Several meetings have taken place with the Co-Chairs of Faversham Pools Trust with support from the SBC consultant team. The meetings have explored the opportunity of including the Faversham facility as part of the new contract as a way of securing swimming facilities in Faversham for the long term. Entering into a long-term contract would allow the spreading of overhead costs over 3 sites (Swallows, Sheppey and Faversham), potentially attract greater external investment and provide a consistent offer for residents across the Borough e.g. members will likely be able to use all sites in the Borough on one membership.
- 2.5 Faversham Pools Trust charitable objectives are as follows:
- To provide swimming and leisure facilities for the benefit of the inhabitants of Faversham and its surrounding areas (the 'area of benefit') with the objective of improving their conditions of life
  - The promotion of community participation in healthy recreation and the advancement of education, particularly relating to the benefit of good health and prevention of sickness.

Additionally, the Board has prioritised the long-term sustainability of swimming provision in Faversham. It also wishes to protect the heritage and legacy of the Pools whilst having the opportunity to work closely with members and colleagues at SBC.

- 2.6 Faversham Pools Trust board met on 10 February and have unanimously voted to be included into the Leisure contract from April 2027. The trustees also passed further resolutions which follow on from this decision. The material ones are:
- *A working group comprising five trustees has been set up which is authorised to negotiate the terms of the outsourcing specification with SBC, subject to final board approval.*
  - *The charity will enter into a contract with SBC on terms to be approved by the trustees at a future meeting to implement the outsourcing arrangement and to take such further steps as are necessary to appoint a corporate trustee in place of the current trustees.*

- 2.6 Faversham Pools Trustees have requested to be involved in the contract specification design and have a representative on the evaluation panel which will require intensive work between the decision of this committee and tender commencement. Officers feel that this is important in order to capture the Trust's objectives within the new contract specification, given they are the freeholder of the outdoor pool.
- 2.7 Whilst there are undoubted benefits to the community in securing all leisure centres under the same contract arrangement (as seen in 2.4), the committee needs to consider the implications as well. Under the current lease arrangement for the indoor pool, the Council is protected from certain building costs. In the legal framework to come into the contract, the Trust would surrender the indoor pool lease which would revert all building maintenance risk to SBC. This has the potential to increase ongoing revenue costs for the Council, albeit that work to reduce operating costs, increase income and pass on some risk to the operator would be used to try and mitigate this. There would also be a requirement for capital investment for improvements, whether generated internally or through external funding.
- 2.8 The legal framework would also see the Faversham Pools Trust change its objectives and become a property holding charity, with a 'corporate trustee' in place of existing trustees. This overcomes the issue of the Trust having to transfer any freehold assets to a charity, and not being able to transfer its assets directly to the Council. Further work is required on the structure and operation of the corporate trustee role which could be undertaken by one or more local entities.
- 2.9 The charity will then lease the outdoor pools to SBC, so we could allow the winning operator to manage the entire site. The terms of this lease still need to be negotiated, but it would almost certainly pass on some additional capital risk to the Council. A legal agreement would need to be in place prior to publishing the tender opportunity to protect the Council from aborted tender costs. Members are asked to consider the implications of this and whether any requirements of agreeing to the partnership need to be set for officers to negotiate.

### **3 Proposals**

- 3.1 Members are requested to review the implications of including Faversham Pools into the Swale Leisure contract from April 2027 and decide.
- a) To include Faversham Pools in the upcoming Leisure contract tender (subject to agreement of final terms).
  - b) To not include Faversham Pools in the tender and proceed to tender for the existing facilities.

3.2 Officers are delegated to continue to work with the Members Working Group and Faversham Pools Trust in finalising the tender specification and documentation, legal framework and proceed with the tender.

## 4 Alternative Options Considered and Rejected

4.1 The Committee are given two options within the recommendations to proceed with or without Faversham Pools included.

## 5 Consultation Undertaken or Proposed

5.1 Consultation has taken place with Faversham Pools Trustees.

5.2 The Member Working Group has ensured cross party involvement in this project and has discussed the implications of including Faversham Pools into the Leisure contract from April 2027.

5.3 A Soft market testing exercise has been undertaken and resulted in 10 operators responding. All companies expressed a preferred option of including Faversham Pools in the tender process.

5.4 The recent Built Facilities Strategy confirmed that it is essential for the borough to maintain its current water space and indeed has a need for additional water space.

## 6 Implications

Issue	Implications
Corporate Plan	Community, to enable our residents to live, work and enjoy their leisure time safely in our borough and to support community resilience.
Financial, Resource and Property	<p>Members have previously reviewed the financial variances between insourcing compared with outsourcing and the financial modelling of two facilities compared with three.</p> <p>There is currently no additional budget provision for the inclusion of Faversham Pools over and above the £80,000 set aside for the annual grant within the Medium-Term Financial Plan. A more detailed summary can be found in the exempt appendices.</p> <p>Potential risks to SBC:</p> <ul style="list-style-type: none"> <li>Repairs &amp; Maintenance implications (costs) for both the indoor and outdoor pools, associated plant and surrounding areas. The estimated annual costs of this are currently covered in the facilities trading accounts. The current position of SBC funding repairs &amp; maintenance works at</li> </ul>

	<p>Swallows and Sheppey will be reviewed as part of the contract specification design.</p> <ul style="list-style-type: none"> <li>• Car Parking refund costs are not currently provided at Faversham as it operates under a separate lease arrangement. To ensure the facility is in line with the current two facilities arrangements, a Member decision is required ahead of tender commencement on this.</li> <li>• Utilities, the estimated annual costs of utilities are currently covered in the facilities trading accounts. Utility arrangements are under review as part of the contract specification review.</li> </ul> <p>If Faversham Pools is not part of the wider contract from April 2027 there is a significant risk that Faversham Pools will become unsustainable. If this is the case, then the risks are:</p> <ul style="list-style-type: none"> <li>• Indoor lease reverts to SBC.</li> <li>• The Pools will potentially have to close. This is likely to require ongoing security costs.</li> <li>• There would also be a projected loss of car park income.</li> <li>• The Council would lose the mandatory and discretionary rate relief.</li> <li>• SBC would also be required to pick up the rates bill once the empty property relief has expired.</li> <li>• The current annual grant will be saved.</li> </ul> <p>The financial sustainability of Faversham Pools is an identified risk. The current Grant agreement is subject to SBC budget review and as such is not guaranteed going forward. The Grant agreement will not be in place if Faversham Pools are part of the Leisure Contract going forward.</p> <p>There are also indirect financial costs which would impact on the local economy namely loss of jobs, the secondary spends by Faversham Pool customers in the Town and the increased transport costs for local schools to achieve their mandatory water skills training at alternative venues.</p> <p>In addition to the financial impacts, there are several community impacts.</p>
<p>Legal, Statutory and Procurement</p>	<p>There will need to be a suitable Legal agreement in place to ensure that should Faversham Pools Trust withdraw from the process, SBC are protected.</p>

	<p>The proposal is that the current Faversham Pools Trust would be amended, and a Corporate Trustee put in place. This could be a Faversham based entity or SBC.</p> <p>Consideration needs to be given to a need for an agreed risk share on the ongoing liability for the outdoor pools.</p>
Crime and Disorder	<p>The provisions delivered by the leisure centres act as diversionary activities for young people, likely contributing to reducing crime and/or ASB. Many activities for younger people are greatly being reduced due to funding issues by other agencies and therefore those that can be delivered by leisure centres are an important requirement.</p>
Environment and Climate/Ecological Emergency	<p>Any investment in the buildings needs to consider reducing the carbon footprint of the service, due to their high energy usage. Including Faversham in the contract will likely help to generate more investment interest from operators.</p>
Health and Wellbeing	<p>Health &amp; Wellbeing is a key output of any leisure contract. Social impact outcomes are directly linked to the Council's ability to offer a suitable and easily accessible leisure offering.</p> <p>The new contract will be prescriptive regarding working with local Health Partnerships (e.g. Health &amp; Care Partnerships, ICB etc) to engage in Social Regeneration Programs to tackle health inequalities.</p> <p>SBC are having conversations with the NHS about social conscience and are considering specification inclusions.</p>
Safeguarding of Children, Young People and Vulnerable Adults	<p>All target groups will be considered as part of the tender process.</p> <p>Clearly the leisure centre environment needs a certain level of assurance that operators understand the implications and can manage successfully. The tender will ensure we capture the capabilities and experience of operators in this field.</p>
Risk Management and Health and Safety	<p>The financial sustainability of Faversham Pools is an identified risk. The current Grant agreement is subject to annual SBC budget review and as such is not guaranteed going forward. The Grant agreement will not be in place if Faversham Pools are part of the Leisure Contract going forward.</p> <p>There are several risks associated with the 3 facilities, Swallows, Sheppey Leisure Complex and Faversham Pools, namely condition of plant and fabric of all 4 buildings.</p>

	Health and safety is a core component of the contract specification that tenderers will be asked to submit plans to cover.
Equality and Diversity	A full equalities impact assessment will be presented with the award of contract report following the tender process. The tender process will follow standard Sport England recommended processes which ensure equality of access/opportunity is at the heart of the decision.
Privacy and Data Protection	None identified.

## **7 Appendices**

7.1 – Exempt two site v three site revenue estimates

7.2 – Exempt Potential Financial Implications

## **8 Background Papers**

8.1 [Printed minutes 21012025 Community and Leisure Committee](#)