

<b>Policy &amp; Resources Committee</b>	
<b>Meeting Date</b>	10 September 2025
<b>Report Title</b>	Swale Leisure Contract – capital investment
<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. To add a capital budget allocation of £2 million and the revenue allocation for the capital financing to the Medium-Term Financial Plan from 2026/27 for leisure centre contract investment. Delegate to the Director of Resources on the most appropriate sources of capital financing.</li> <li>2. Delegate that officers work up a robust investment plan, in liaison with the Members Working Group. To deliver the improvements, based on the criteria to reduce running costs and help meet our carbon reduction challenges and to select the most appropriate time to undertake the works.</li> </ol>

## 1 Purpose of Report and Executive Summary

- 1.1 This report details the recent discussions with the cross-party Members Leisure Working Group (MWG) regarding the issue of capital investment in the new leisure contract (the Contract) from April 2027 and the decision made at Housing, Health & Communities Committee on 3 July 2025.
- 1.2 The report confirms the resolution reached at the Housing, Health & Communities Committee on 3 July 2025:

***Resolved: That the £2 million capital investment be referred to the Policy & Resources Committee for budget allocation and approval***

- 1.3 The Committee are asked to discuss the implications of SBC funded capital investment into the contract.

## 2 Background

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

- 2.2 On 21 January 2025, the Community Committee approved the MWG's recommendation to proceed to an external procurement process to agree the Contract on a 10 + 5-year basis from April 2027.
- 2.3 The Faversham Pools Trust Board met on 10 February 2025 and unanimously voted to be included into the Contract from April 2027, subject to final agreement on terms. On 5 March 2025, the Community Committee approved the inclusion of Faversham Pools into the Contract (subject to agreement of final terms). Following negotiation of the legal terms of the agreement, FPT Board formally accepted them recently and the documents are being prepared for signing.
- 2.4 Based upon recent and previous condition surveys and the age of the existing facilities, all three facilities will require capital investment over the course of the 10–15-year contract period. This is predominantly required in service areas, boilers, air handling and pool filtration systems, so the proposal is to utilise the SBC investment into these key areas of 'behind the scenes' service delivery, which will extend the longevity of the facilities.
- 2.5 Officers will need to investigate the current information and develop a robust investment plan to ensure the best use of the capital. This will focus on the main criteria being driving down the costs of operating the service and reducing our carbon footprint. This will also include determining the timing of the works, which could be pre or post contract award depending on the most effective and efficient timing of the works.
- 2.6 The tender will also look to unlock capital investment from the contractor to try and add/improve the range of activities on offer. Evidence from previous tender processes suggests that capital investment by the local authority in operating plant areas helps to keep contract subsidy down and will likely encourage greater capital investment from operators themselves and allow them to focus on upfront facilities that increase revenue generation. Both of these investments can be supplemented by further external funding and developer contributions that are received for increasing capacity to meet additional demand.
- 2.7 The required works are the council's responsibility under the current / future contract and as such we are obliged to cover these costs. The works are required to ensure the facilities can continue to operate as failure of plant would result in the council funding the replacement costs. The investment will ensure that it doesn't fail and is replaced in a planned way.

### **3 Proposals**

The Committee is requested to review the following recommendations in this report.

- 3.1 To add a capital budget allocation of £2 million and the revenue allocation for the capital financing to the Medium-Term Financial Plan from 2026/27 for leisure

centre contract investment. Delegate to the Director of Resources on the most appropriate sources of capital financing

- 3.2 Delegate that officers work up a robust investment plan, in liaison with the Members Working Group. To deliver the improvements, based on the criteria to reduce running costs and help meet our carbon reduction challenges and to select the most appropriate time to undertake the works

## **4 Alternative Options Considered and Rejected**

- 4.1 The Committee could decide to approve a lower capital investment figure or no investment at all. This is not advised as the facilities require significant investment from SBC and the leisure operator.

## **5 Consultation Undertaken or Proposed**

- 5.1 MWG has ensured cross party involvement in this project and have discussed the implications of car parking refunds and capital investment.
- 5.2 Housing, Health & Communities Committee discussed the item on 3 July 2025.
- 5.3 Before investment of new capital, we will engage with the operator to understand customer feedback as part of the process. Where new facilities are proposed, we will liaise with the new contract 'User Group' forums.

## **6 Implications**

<b>Issue</b>	<b>Implications</b>
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>Capital Investment:</p> <ul style="list-style-type: none"><li>• Four Investment values were reviewed by the service committee.</li><li>• The Recommendation is to invest £2million.</li><li>• The rate would be fixed at the point of taking out the loan.</li><li>• Impact on revenue budget on a 25-year loan would be circa £158,000 per annum on current borrowing figures.</li></ul> <p>This will mean that there is a pressure on the revenue budget and therefore the timing of the works will need to be considered, and Members will need to identify additional savings through the budget setting process for the relevant years.</p>

	<p>Non-investment in the facilities will likely increase running costs in the future and run the risk of claims from the operator from down time resulting from closure of the facilities.</p> <p>In addition to the financial impacts, there are several community impacts, resulting from loss of facilities.</p> <p>The required works are the council's responsibility under the current / future contract and as such we are obliged to cover these costs. The works are required to ensure the facilities can continue to operate.</p>
Legal, Statutory and Procurement	<p>The evaluation of capital investment offered by bidders is part of the procurement process.</p> <p>The provision of leisure centres is not a statutory service. So, management of the service and cost is flexible for Members to decide.</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 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 leisure centre buildings needs to consider reducing the carbon footprint of the service, due to their high energy usage.</p>
Health and Wellbeing	<p>Health &amp; Wellbeing is a key output of any leisure contract. Social impact outcomes are directly linked to SBC's ability to offer a suitable and easily accessible leisure offering.</p> <p>The 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>
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 it 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 leisure contract procurement project has a risk log in place which currently identifies 21 risks, all of which have control measures in place.</p> <p>Health and safety is a core component of the contract specification that tenderers will be asked to submit plans to cover this key area.</p>

	The proposed capital investment will reduce health and safety risks and also future proof the facilities to reduce the risk of future major investment being needed and the consequences of closure of the buildings.
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**

## **8 Background Papers**

- 8.1 [Printed Minutes 05032025 Community & Leisure Committee](#)
- 8.2 [Printed Minutes 21012025 Community & Leisure Committee](#)
- 8.3 [Printed Minutes 03072017 Housing, Health & Communities Committee](#)