

Housing Health & Communities Committee Meeting	
Meeting Date	14 July 2026
Report Title	Leisure Contract Condition Survey Update and Approval
EMT Lead	Emma Wiggins, Director of Regeneration & Neighbourhoods
Head of Service	Martyn Cassell, Head of Environment & Leisure
Lead Officer	Jay Jenkins, Leisure & Technical Services Manager
Classification	Open
Recommendations	1. That the Committee approves the condition survey capital allocation for all three leisure facilities as per 2.16 and Appendix 1 and agrees that officers begin to procure the works. 2. The Committee delegates any changes to the works or funding splits as per paragraph 2.16 to the Head of Environment & Leisure in consultation with the Head of Finance.

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 Operating Contract (the Contract) from April 2027 and the decision made at Housing, Health & Communities Committee on 3 July 2025.
- 1.2 The Committee are asked to discuss the proposals of SBC funded capital investment in the facilities and agree to the recommended facility allocation.

2 Background, Context and Proposals

- 2.1 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

- 2.2 The report confirms the resolution reached at the Policy & Resources Committee on 10 September 2025:

Resolved:

(1) That £2 million be added to the capital budget allocation and the revenue allocation for the capital financing to the Medium-Term Financial Plan from 2026/27 for leisure centre contract investment.

(2) That delegated authority be given to the Director of Resources on the most appropriate sources of capital financing.

(3) That delegated authority be given to officers to 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 carbon reduction challenges selecting the most appropriate time to undertake the works.

- 2.3 The existing leisure contract (covering Swallows and Sheppey) is due to expire on 31 March 2027.
- 2.4 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.
- 2.5 The Faversham Pools Trust Board (FPT) met on 10 February 2025 and unanimously voted to be included in 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, the FPT Board have formally accepted them, and the documents have been prepared and are now signed.
- 2.6 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 term in service areas, boilers, air handling and pool filtration systems. Utilisation of the SBC investment in these key areas of 'behind the scenes' service delivery, will extend the longevity of the facilities.
- 2.7 Officers have reviewed and prioritised all three facility's requirements and have drafted the suggested capital allocation, focusing on the main criteria of driving down the costs of operating the service and reducing SBC's carbon footprint. The timing of the works remains to be determined and, could be pre or post contract award depending on the most effective and efficient outcome. All priority 1 works are to be undertaken before the Contract commences in April 2027.
- 2.8 The proposed allocations may appear imbalanced but have been calculated on a number of factors – Faversham has seen a very proactive external funding investment in their pool plant systems in recent years – a great success for the Trust. Critical works are proposed for Sheerness pool, but with an eye to a future project of replacing the swimming pool completely. Swallows has had a number of recent failures in key plant and has seen less investment in these areas over the term of the previous contract. Annual usage at Swallows also remains the highest across the sites at 345,000 visits, compared to Sheppey Leisure Complex at 185,000 and Faversham Pool at 145,000. Therefore, any loss of income from plant failure at Swallows would have a greater impact on the Council.

- 2.9 Sheerness Pool works will include various pool plant room items, installation of a new distribution board, a new person safe system in the pool hall roof void, works to various air handling units, installing a new pressurisation unit and installing a new building management system.
- 2.10 Swallows works required, as detailed in the condition surveys, have an estimated cost of circa £3m. The proposed programme will include works to the main switch panel and a new electrical supply schematic, upgrading lighting units to LED, various works to the heating plant including replacement of boilers, complete overhaul of the facility's ventilation systems, upgrading various control panels, pool plant room works including new teaching pool filter, installation of an enhanced fume extract system, replacement of circulation pumps, an overhaul of all electrical panels and works to the balance tanks. Lower priority works that have not been possible to fund through this programme will continue to be considered/managed through the existing repairs and maintenance responsibilities over the term of the contract.
- 2.11 Subsequent to the Swallows condition survey being undertaken, 2 of the 3 boilers failed in November 2025 and are no longer financially viable to repair. This, coupled with the inability to source any spare parts (the boilers are 30+ years old), has resulted in the installation of temporary boiler provision to complement the one remaining boiler. The temporary provision has cost £50,626 to date. There is no back up system should the remaining boiler fail, and the facility and Central House would have to close as there would be no available hot water or heating. Due to the crucial nature of this item, a full tender process is already underway for the replacement of the boilers with our existing operator using the mechanisms within the existing contract. This will also enable the Central House supply to be separated and provide greater scope for future use of the site.
- 2.12 In addition to the boilers at Swallows, the Teaching Pool filter has also failed. One of the larger main pool filters is currently being used for the job but this is only a temporary measure. Should the temporary measure fail the use of the teaching pool would be lost which will have a significant impact on the operator's ability to run swimming lessons and is likely to result in a significant loss of income. As with the boilers, due to the serious nature of the impact of failure, works are under way to secure a long-term replacement. Should the temporary boiler provision fail the facility is likely to close with a projected loss of income of £220,000 per month.
- 2.13 Faversham works will include pool plant room items, 4 new cubicles in the Female Wetside toilets, works in the disabled toilet and works to the chemical store including installation of a chlorine gas alarm.
- 2.14 The required works are SBC's responsibility under the current / future contract and as such SBC is obliged to cover these costs. The works are required to ensure the facilities can continue to operate as failure of plant would result in SBC funding the resultant loss of income claims and replacement costs.

2.15 In addition to the proposed allocated Capital works, Swallows and Sheppey will also benefit from £102,036 from the UK Shared Prosperity Fund (UKSPF) which will be used for energy saving initiatives.

2.16 Allocation of the £2 million Capital is proposed as follows:

Leisure Centre	SBC Capital Allocation	Other Funding	Total
Sheerness Pool	£234,300	£68,500	£302,800
Faversham Pools	£66,270	£230,000	£296,270
Swallows	£1,699,430	£33,536	£1,732,966

2.17 In addition to the proposed allocated Capital works, Faversham Pool has been allocated £230,000 via the Pride in Place Impact Fund (PIPIF) for the refurbishment of the Wetside Changing Village.

2.18 Whilst the intention is to carry out all of the works contained in Appendix I, the financial allocations have been estimated based on initial contractor quotes. Clearly when the full works are tendered and works are undertaken, there may be the need to amend the allocations based on unknowns, and it is suggested that this is delegated to officers. Any fundamental changes to the proposed works would be reported back to the MWG.

2.19 Alongside the current investment detailed in this report, the Council is starting to see successes through the recent adoption of the Built Sports Facilities Strategy. Having set out the priorities, current and future demand of the larger sports facilities, the Council has been able to secure developer contributions towards the three sites. As funding comes in via section 106 agreements further works will be enabled at the centres.

3 Recommendations

3.1 That the Committee approves the proposed condition survey capital allocation for all three leisure facilities as per 2.16 and Appendix 1 and agrees that officers begin to procure the works.

3.2 The Committee delegates any changes to the works or funding splits as per paragraph 2.16 to the Head of Environment & Leisure in consultation with the Head of Finance.

4 Alternative Options Considered and Rejected

- 4.1 The Committee could decide not to approve the capital allocation at any of the facilities, this is not recommended as the required works are crucial to the ongoing delivery of the service. Failure to do so is very likely to result in closures and significant loss of income claims from the incumbent Leisure Operator. This decision would not be in line with previous Committee decisions.
- 4.2 The Committee could decide to approve a lower capital investment figure; this is not recommended as the facilities require significant investment from SBC to ensure each facility maintains service delivery. This decision would not be in line with previous Committee decisions.
- 4.3 The Committee could decide to a different allocation of the budget, which will impact the works being undertaken at each facility. This is not recommended as the outstanding works have been carefully reviewed against the available information and prioritised accordingly (as per 2.6).

5 Consultation Undertaken or Proposed

- 5.1 MWG has ensured cross party involvement in this project and have discussed the implications of the capital investment.
- 5.2 Policy & Resources Committee discussed the item and agreed the Capital funding on 10 September 2025.
- 5.3 The authors have engaged with the incumbent Leisure Operators and Faversham Swimming Pools, colleagues in finance and property to review and prioritise the condition surveys at each facility. We have also considered customer and user group feedback as part of the process.

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	The required capital works are SBC's 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. Failure to invest accordingly would likely result in loss of income claims from the operators and of course remove this crucial community provision. Allocation of the £2million Capital is proposed as follow:

	• Sheerness Pool - £234,300 • Faversham Pool - £66,270 • Swallows - £1,699,430 In addition to the £66,270, Faversham Pool will also benefit from the following funding stream taking total investment to £296,270: • Wetside Changing Rooms - £230,000 via PIPF Swallows and Sheppey will also benefit from £102,036 of energy saving initiatives, which is already agreed and being funded via UKSPF.
Legal, Statutory and Procurement	The evaluation of capital investment offered by bidders is part of the procurement process. The provision of leisure centres is not a statutory service and so the level of management of the service and the cost of investment is for Members to decide
Crime and Disorder	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
Environment and Climate/Ecological Emergency	Any investment in the leisure centre buildings needs to consider reducing the carbon footprint of the service, due to their high energy usage
Health and Wellbeing	Health & 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. The Contract will be prescriptive regarding working with local Health Partnerships (e.g. Health & Care Partnerships, ICB etc) to engage in Social Regeneration Programs to tackle health inequalities.
Safeguarding of Children, Young People and Vulnerable Adults	All target groups will be considered as part of the tender process. 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
Risk Management and Health and Safety	The leisure contract procurement project has a risk log in place which currently identifies 21 risks, all of which have control measures in place.

	Health and safety is a core component of the contract specification that tenderers will be asked to submit plans to cover this key area. The proposed capital investment will reduce health and safety risks and 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
Local Government Reorganisation	The new leisure contract commences on 1 April 2027 and as such there is minimal impact as a result of Local Government Reorganisation

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Capital Expenditure Allocation

8 Background Papers

8.1 [Housing, Health & Communities Committee 3 July 2025.](#)

8.2 [Policy & Resources Committee 10 September 2025.](#)