
**Please find attached the report in respect of an Urgent
Item on the agenda for the above meeting**

18.	(a) Sport, Leisure & Culture Trusts Finance Consider report by Acting Chief Executive. (Copy attached.)	(Pages 3 - 10)	15 mins
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SPORT, LEISURE & CULTURE TRUSTS FINANCE

Report by Acting Chief Executive

SCOTTISH BORDERS COUNCIL 15 December 2022

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this paper is to set out a proposal to help mitigate the challenges facing the three sport, leisure and culture Trusts funded by the Council, all of whom operate swimming pools. The Trusts have all seen significant increases in their cost base due to rising energy costs and reduced income. The paper seeks approval from Members to provide financial assistance to Berwickshire Recreation and Education Sports Trust (BREST) of £127,000 from the Council's recovery fund for the 2022/23 financial year to assist with the costs of a programme of energy efficiency works that will significantly reduce running costs at the Duns facility by an estimated £62,000 per annum and reduce their carbon footprint by 130 tonnes of CO2 per annum. Discussions are ongoing with Live Borders, and will now also be taken forward with the Jedburgh Sport and Leisure Trust, to ascertain how the Council could assist them with similar programmes of works and the costs of their continuing operations.**
- 1.2 With increasing energy costs in recent years, the three Leisure Trusts operating in the Borders have seen increasing costs of running their facilities. This increase in costs has been especially felt in those leisure centres operating swimming pools. Pools have faced particular challenges in continuing to operate while keeping their costs of admission affordable to users.
- 1.3 Live Borders is the largest of the three charitable trusts commissioned by SBC for the delivery of sport, leisure and cultural services. Live Borders currently operates 6 swimming pools on behalf of the Council in Eyemouth, Galashiels, Hawick, Kelso, Peebles and Selkirk, with one pool, Peebles, currently closed following a malicious fire earlier this year. The other two Borders based trusts operating swimming pools in the Borders are Jedburgh Leisure Facilities Trust, which operates Laidlaw Memorial Pool, and Berwickshire Recreation Educational Sports Trust, which operates Duns Swimming Pool.
- 1.4 Sport, physical activity and cultural activities play a vital role in delivering the Council Plan and Community Plan priorities and outcomes, in particular the priority of 'Good Health & Wellbeing', where the people of the Scottish

Borders will be “enabled and supported to take control of their health and wellbeing, and enjoy a high quality of life” so that the Borders will have “more people in good health, leading an active lifestyle at every age and stage of life.”

- 1.5 Swimming pools buildings consume significantly more energy per sq m than most other building types; careful design and the operation of pools to conserve energy is therefore of fundamental importance in ensuring their continued viability. Without sufficient funding to assist Trusts to reduce their energy usage and their carbon footprint, the financial viability of swimming pools in the Borders is at risk. This in turn risks the delivery of the corporate priorities associated with Health and Wellbeing, and the important community benefits they deliver.

2 RECOMMENDATIONS

2.1 It is recommended that Scottish Borders Council agrees:

- (a) to provide one-off financial support to Berwickshire Education and Recreation Sports Trust in the current year of £127,000 from the recovery fund to part fund a programme of energy improvement works identified by the Trust;**
- (b) to note the extraordinary financial challenges facing the leisure sector, primarily as a result of increasing energy costs and reduced income levels;**
- (c) to instruct officers to continue to engage with Live Borders and the Jedburgh Leisure Facilities Trust to identify a package of similar support measures to help manage energy costs, decarbonise buildings and to assist with reduced income;**
- (d) that these Trusts play a vital role in the successful delivery of Council Plan priorities and that, as such, work is also undertaken as part of the budget process 2023/24 to identify ways to assist the three Leisure Trusts with their ongoing financial viability. This may include payments for new services, for example social prescribing to help deliver Health and Wellbeing outcomes; and**
- (e) that as part of the budget process, and in recognition of any increased funding contribution, that the Trusts will be required to work with the Council to improve Governance oversight and demonstrate they are delivering the outcomes expected by Members, can evidence good value for money, and an ability to follow the public pound.**

3 BACKGROUND

- 3.1 Berwickshire Recreation Educational Sports Trust ([BREST](#)), which operates Duns Swimming Pool, Live Borders ([LB](#)), and Jedburgh Leisure Facilities Trust ([JLFT](#)), which operates Laidlaw Memorial Pool, are the three Leisure Trusts in the Borders. Live Borders is the largest of the Trusts and it operates Borders-wide. Live Borders operates 6 pools across the Borders in Eyemouth, Galashiels, Hawick, Kelso, Peebles and Selkirk, on behalf of the Council, with one pool - Peebles - currently closed following a malicious fire earlier this year. Works are ongoing to open this pool as quickly as possible recognising its importance to Peebles and the wider community of Tweeddale.
- 3.2 The Council Plan contains a key priority of 'Good Health & Wellbeing', where the people of the Scottish Borders will be "enabled and supported to take control of their health and wellbeing, and enjoy a high quality of life". Similarly, the Community Plan contains an outcome that the Borders will have "more people in good health, leading an active lifestyle at every age and stage of life." Sport, physical activity and culture play a vital role in successful delivery of these priorities and outcomes.
- 3.3 There have been various news articles highlighting the problems facing organisations in the sport and leisure sector across the UK in recent years. The rise in energy costs and sluggish recovery in visitor following from the pandemic are two reasons why. These challenges are particularly acute for those operating swimming pools dependant on participant income for a significant part of their funding. It is recognised however that Swimming pools contribute significantly to health and well-being in communities with the benefits of water based exercise for all ages widely acknowledged.
- 3.4 An online [article](#) from 2022 suggests that up to 40% of UK council areas may close or reduce services at their swimming pools and leisure centres because of rising energy costs. Aberdeen City has closed the [Beach Leisure Centre](#) swimming pool until at least Spring 2023 for this reason. Tragically, the summer of 2021 saw a number of [open water fatalities](#) leading to calls at the time for swimming lessons to be made mandatory.
- 3.5 A BBC [news article](#) from 22nd November 2022 reports on leisure-chain 'Better Leisure' where there are plans to reduce opening hours in over 200 of its facilities because of rising energy costs. The article quotes Swim England as saying "large numbers of public sector leisure facilities are unlikely to make it through to next spring".

4 ENERGY PRESSURES

4.1 **Berwickshire, Duns Swimming Pool.**

The pool in Duns currently uses mains gas as the primary fuel source to provide both pool and space heating to the premises. All non-heating energy is provided from electricity. The Trust already has a range of energy conservation measures in their building including very effective pool covers. Despite this, however, they have seen significant increases in the costs of their energy usage and have now proactively brought in a company "Locogen" to carry out a full energy appraisal of the building. This has looked at different heating options, including a dual fuel hydrogen boiler, all

electric heating, air source heat pump technology and solar arrays. The work undertaken to date has identified that supplementing existing energy measures with an air source heat pump and solar panels on the south facing roof of the building would provide the most cost effective solution to reduce costs and improve their carbon footprint. The Trust has now approached the Council to request a grant of £127,000 towards the costs of these works. Other funding applications have been made to the Community Renewables Energy Scheme for financial assistance to meet the balance of the cost. It is calculated that the works proposed will reduce the Duns site running costs by £62,000 per annum and reduce its carbon footprint by 56%, equating to 130 tonnes of CO₂ per annum. Subject to successful funding outcomes, the Trust proposes to tender early in the New Year and complete the work by April 2023.

4.2 **Live Borders.**

Live Borders, like the Council, buys both gas and electricity through the Scottish Procurement Network (SPN), where 75% of gas and electricity costs are fixed for financial year 2022/23. This has helped to mitigate the impact of rising energy costs, but even so there has still been a significant cost increase, with this trend looking set to continue for the foreseeable future.

- 4.3 The UK Government has previously announced a six-month cap for business energy costs limiting the unit cost charged to 21.1p per kWh for electricity and 7.2p per kWh for gas for the period 1 October 2022 to 31 March 2023. However, Live Borders costs per kilowatt hour through the SPN are currently fixed at below this level, and therefore this has no further beneficial impact. When the current contract ends however, it is likely that Live Borders will see a further increase in its energy costs.
- 4.4 Live Borders monitors its energy consumption closely, with regular readings taken at sites and data uploaded to the Total Energies (gas) and EDF Energy (electricity) portals. This enables close monitoring of energy costs with actual costs compared to target each month on receipt of invoices. Current actions taken to reduce energy consumption across facilities include winter energy settings being implemented at closed museums, halls only being heated when operationally required, and systems at swimming pools continually monitored. Some physical energy measures such as pool covers are already in place in Live Borders' pools. It would therefore be sensible at this juncture to conduct similar energy audits to the one already undertaken at Duns to identify what mitigation measures are recommended to reduce energy costs further across the 6 pools operated by Live Borders.
- 4.5 It is therefore proposed that the Council works with Live Borders to appoint contractors to undertake an energy audit of its pools and identify the works across the estate that should be undertaken as a priority. A report will be brought back to Council when this exercise has been undertaken and costs and benefits are known.
- 4.6 Live Borders has written to Council officers seeking financial assistance with its operations in the current year in the light of increased energy costs and income pressures from reduced footfall across its leisure and culture estate. Discussions are ongoing, and a report with recommendations about how best to assist Live Borders will be brought back to Council in January 2023.

4.7 **Jedburgh, Laidlaw Memorial Pool.**

The Council has been assisting the Jedburgh pool with cash flow in the current year, but it is now considered appropriate that Members also consider supporting a similar package of support to that recommended for BREST. It is considered this will provide the maximum opportunity to reduce the Trust's carbon footprint and help to mitigate its running costs and again a report with recommendations will be brought back as part of the budget process.

4.8 **Governance**

The three leisure Trusts that operate in the Borders all have different governance models. These arms-length bodies however play a vital role in the successful delivery of Council Plan priorities, and it is essential therefore that they remain financially and organisationally sustainable, and that a very close working relationship is in place between the Council and the Trusts it funds with public money. As such, it is proposed that work is also undertaken as part of the Council's budget process 2023/24 to identify ways to ensure the governance model which exists between SBC and the 3 Trusts is fit for purpose and works effectively for all the parties. Where necessary, the Council will seek to assist the 3 Leisure Trusts with their ongoing financial viability. This may include payments for new services, for example social prescribing to help deliver Health and Wellbeing outcomes. As part of the budget process, and in recognition of any increased funding contribution that may be provided, the Trusts will be asked to work proactively with the Council, to improve Governance oversight and joint working, and enhance their ability to demonstrate they are delivering the outcomes expected by Members, can evidence good value for money, and demonstrate an ability to follow the public pound.

5 IMPLICATIONS

5.1 **Financial**

The paper seeks approval from Members to provide BREST with a grant of £127,000 to help meet the costs of energy efficiency works at the Duns pool. This grant payable from the Council's Recovery Fund will help to reduce future energy costs and reduce their carbon footprint. Further reports on grant support to all three Leisure Trusts will be brought forward as part of the budget process for 2023/24.

5.2 **Risk and Mitigations**

The grant support proposed to BREST will be followed with discussions with the other trusts to support their underlying financial position. This proposal helps the Council demonstrate a commitment to support the Leisure Trusts financially, which should have a positive impact on the communities, helping to contribute to the sustainability of these facilities.

5.3 **Integrated Impact Assessment**

An IIA checklist has been completed – it is not anticipated that the grant support recommended will of itself eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a characteristic (age, disability, gender re-assignment,

trans/transgender identity, marriage or civil partnership, pregnancy and maternity, race groups, religion or belief, sex-gender identity, and sexual orientation) and those who do not; and foster good relations between people who share a characteristic and those who do not. However, support to BREST will assist local residents, both those who identify as belonging to an equality group and those who do not to continue accessing high quality leisure and recreation facilities in Mid Berwickshire.

5.4 **Sustainable Development Goals**

The grant support recommended will assist the Trust to improve its carbon footprint which ties in with UN SD Goal 7 (Ensure access to affordable, reliable, sustainable and modern energy for all). It is estimated that the works will reduce BRESTs' carbon footprint by 56% equating to 130 tonnes of CO2 per annum.

5.5 **Climate Change**

This proposal will help ensure minimise energy use in the Berwickshire pool and assist the Borders to reduce its carbon footprint. Further work with the two other Leisure trusts to de-carbonise their operations through reduced energy usage will provide further benefits. The availability of high quality swimming facilities in local communities will mean that people who wish to swim can do so locally rather than travel out-with their community.

5.6 **Rural Proofing**

This proposal will have a positive effect on the community of mid Berwickshire by ensuring the continuation of a high quality leisure facility in Duns.

5.7 **Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

5.8 **Changes to Scheme of Administration or Scheme of Delegation**

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the proposals in this report.

6 **CONSULTATION**

- 6.1 The Acting Chief Financial Officer, the Acting Chief Corporate Governance Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted and any comments received will be reported verbally to Members given the late circulation of this paper out with the main Council agenda.

Approved by

David Robertson

Acting Chief Executive

Author(s)

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Background Papers: Nil

Previous Minute Reference: Nil

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. David Robertson can also give information on other language translations as well as providing additional copies.

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