

SHERE SWIMMING POOL CLUB – CIO (SSPC)

TRUSTEES' ANNUAL REPORT for the period to 30 September 2022

OBJECTIVES and ACTIVITIES

Introduction

SSPC operates the pool on behalf of **Shere Parish Council (SPC)**, under a sub-lease, with the Lord of the Manor still owning the freehold land, SPC owning the pool and buildings, and SSPC owning the plant room systems and other equipment which it has installed. SSPC is nevertheless responsible for maintaining the pool and buildings infrastructure as well as the plant room systems, under arrangements agreed with SPC. It became a Charitable Incorporated Organisation (CIO) in 2019.

This Trustees Annual Report (TAR) covers the activities for the year to 30 September 2022, operating as a CIO for the third full year. It has been compiled in accordance with the Charities Statement of Recommended Practice (SORP) – FRS 102.

Given the need to wait for the completion of the new changing rooms this year, the pool opened on 11 May, just over a month after the new regular opening date of the beginning of April.

Purpose

The charitable purpose of the Shere Swimming Pool Club, as set out in the new CIO constitution is: *The promotion of community participation in healthy recreation for the benefit of the inhabitants of Shere Parish and the surrounding neighbourhood by the provision and maintenance of swimming facilities, as well as facilitating the provision of swimming activities and support services.*

Main Activities

The sole activity of the charity is to operate an open-air swimming pool in Shere, for the benefit of everyone in the local community interested in swimming there, all of whom are entitled to become members of the swimming pool club.

This outdoor pool is maintained by volunteers. Members comprise individuals and families, with a total number of memberships of 450, with approximately one third being individuals and two thirds being families, amounting to around 1,350 people being members each year, counting also all those within the families who are permitted to swim. Members are allowed to invite guests, who need to be accompanied by the member, in order to swim.

Public Benefit

The trustees confirm that they have had regard to the guidance issued by the Charity Commission on public benefit and that this has been fully complied with in running the CIO, throughout the year.

Everyone in Shere Parish and immediately surrounding villages who wishes to join is not deterred from doing so due to financial constraints. In financial hardship cases fees are waived, as has been the case this year, as well as our providing free membership to several Ukrainian refugees.

Members receive substantial benefits from use of the pool, including:

- The opportunity to increase physical fitness, and help manage specific health conditions
- The outdoor setting which helps benefit mental well-being and it plays an important part in creating community cohesion and reducing isolation
- Enabling precious family time and increasing childrens swimming confidence.

The club allows other groups to visit and benefit from use of the pool.

Contribution made by volunteers

In the absence of paid employees the pool is run by volunteers. They are involved in all aspects of the successful running of the Club, ranging from the management roles of the trustees, through the pool operations rota team, to the pool cleaning team. Their contribution to the success of the running of the pool safely, and its financial viability are key.

ACHIEVEMENTS and PERFORMANCE

Requirements

Following the major upgrade of the pool and plant room systems in 2020, the priority for 2021/22 has been to complete **Stage 2: A rebuild of the changing rooms and improvement of access for physically disabled swimmers.**

Achievements against objectives set

Stage 2 Rebuild of the Changing Rooms

Some delays occurred during the early stages due to the need to involve an arboriculturist to ensure protection of the large oak tree behind the changing rooms, and to Covid affecting specialist foundations staff availability. However, after this the main contractor, **Rob Arrow Builders** was able to proceed efficiently to successfully complete the project in good time and to a high standard. The project costs amounted to **£94,985**, in line with the budget of £95,000.

Stage 3 Addition of an air source heat pump and new gas boiler

Investigations continued during the year to confirm the benefits from using an air source heat pump (ASHP) to heat the pool, and to develop specific proposals for an optimum configuration of cost-justified ASHP and gas boiler, as well as to identify a suitable supplier and installer. The energy crisis arising from the war in Ukraine, leading to higher gas and electricity prices, has substantially reinforced the business case to save energy costs and the urgency to progress this as soon as possible.

Meanwhile, assessment of the efficiency of the existing gas boilers has identified that they are very inefficient compared with what could be achieved by use of a new gas boiler with an external heat exchanger, which can substantially increase the amount of contact with the water being heated. It has now been determined that the optimum configuration, for flexibility as well as to achieve the most savings, would be a 50 Kw ASHP (rather than a larger pump which would be very much more

expensive), together with a new, more efficient gas boiler. The new boiler would only be used in the very coldest months if the ASHP is not sufficiently efficient at those times, or as a back-up facility for the ASHP.

The combined budget for this project has been estimated at **£37,500**, based on the first supplier quote received. Following the year-end further quotes are now being obtained and evaluated, with a view to determining the most cost-effective preferred supplier choice and finalising the business case and budget shortly.

Further fundraising was initiated in September and has continued through October, resulting in the target of **£20,000** being fully achieved. This was mainly through member donations, along with a fundraising party and a swimathon. It is now expected that a grant funding application will be submitted to LoCase (the Surrey County Council environmental fund) in December, to secure the remaining funds required to fully meet the final budget. It is hoped that up to **£15,000** can be procured, sufficient to proceed with the equipment purchase and installation early in 2023.

FINANCIAL REVIEW

The Accounts have been drawn up as in previous recent years on an accruals basis. These comprise a Statement of Financial Activities (SOFA), a Balance Sheet and a range of Notes to the Accounts, within the CC17 Accounts Pack.

Income and expenditure

a) Operating income and expenses

Subscription revenue increased from £42,033 last year to **£44,108** for 2022, due to minor changes in the mix of memberships as between individuals and families and more guest fees being received.

Total income of **£44,358** is classified as Unrestricted Funds in the SOFA and Note 3, meaning that it can be used to fund any routine expenditure.

Operating expenditure (before depreciation) reflects the costs of operating the pool for the slightly shorter season, from **11 May** to **9 October**, the late opening being due to delays in the completion of the new changing rooms. However, overall operating costs have still increased to **£25,575** compared with £23,226 in 2021. In particular, maintenance costs were up by around **£3,500** largely due to inclusion for the first time of annual servicing costs for the new plant room systems, chemicals costs were higher by around **£2,000** due to the move from chlorine to bromine at higher prices, and there was an exceptional water charge of **£3,600**, due to final agreement on the cost of a water leak in a previous year. Set against this, gas heating costs were down by **£4,000**, due to the combined effect of reducing the water temperature by two degrees and some very hot weather, especially in July and August. Operating expenditure is analysed in Note 6 to the Accounts.

Depreciation of **£15,359** represents a further deduction from income to take into account, but does not represent money actually paid out, just a provision for future expenditure. It is therefore shown as a deduction from Restricted Income Funds (the grants and donations), as set out in the SOFA and

Note 6 to the Accounts. This figure is **£2,374** higher than for last year, due to inclusion of depreciation on the cost of the new changing rooms for the first time.

b) Grants, donations and gift aid

The final portion of the Sport England grant of **£25,000** for the changing rooms was received during the year.

In addition, members made donations including gift aid this year of **£8,303**, compared to the **£19,538** donated last year. However, around a further **£17,000** was received just after the year-end, in October, relating to the ASHP fundraising campaign. A further environmental grant of **£2,000** has been awarded but not yet received from iGAS.

Fixed Assets

The cost of rebuilding the changing rooms, amounting to **£94,985**, has been included in Fixed Assets this year. Depreciation has been charged on the changing rooms at a low rate of only 2.5% per annum, given the long life expectancy of these new assets.

Financial position at end of period

Unrestricted funds have been increased by the net operating surplus of **£18,783**. Restricted funds have been reduced by resources expended on capital expenditure of **£94,985** and depreciation of **£15,359**, offset by funds received from grants, donations and gift aid, resulting in a net reduction of **£77,041**. In combination this has resulted in net expenditure across unrestricted and restricted funds totalling **£58,258** for the year.

The availability of **£46,346** unrestricted funds brought forward plus the 2022 operating surplus of **£18,783** has then provided the basis for a transfer of **£45,177** to restricted funds to pay for the balance of the capital expenditure on the changing rooms, whilst still leaving a reasonable level of unrestricted funds carried forward as net current assets of **£16,952**. This represents a healthy financial position at the year-end.

Meeting future funding requirements

Stage 3 of the pool upgrade project will require a total of an estimated **£37,500** in funds. The general reserve previously established of **£6,000** limits the use of the unrestricted funds, leaving **£10,952** available to contribute to future capital projects and any other contingent costs. However, given the high overall level of uncertainty facing the energy market and economy more widely (see discussion of financial risks below), the trustees would like to increase this general reserve to **£10,000**, leaving only around **£7,000** available to help fund Stage 3, for this next financial year, plus the iGAS grant of **£2,000**. Coupled with the additional donations received in October of around **£17,000** there should therefore be around **£26,000** available to contribute to Stage 3 costs, leaving a shortfall of **£11,500** to be met through the LoCase grant being applied for, and/ or other funding sources.

At this point in time the Stage 3 budget has still to be finalised and it is not clear whether SSPC will be successful in its application for the LoCase grant funding. However, the maximum which can be applied for is 40% of the project costs, which would amount to **£15,000**, based on the existing cost

budget. So if this is obtained in full it should be possible to proceed with the acquisition of the ASHP and new gas boiler.

Principal financial risks

The Stage 1 upgrade project has already resulted in lower ongoing annual operational costs, given the increased efficiency of new plant room systems. There should continue to be much lower ongoing repairs and maintenance costs, given the much greater reliability of new systems and improved condition and greater sustainability of the pool structure. The increase in membership subscriptions last year has also helped, in achieving operational surpluses for the last two years.

With the new chemical treatment of the pool using bromide having now stabilised, it is mainly the level of future energy costs which gives rise to the greatest financial uncertainty for the medium term future. Although COVID has not disappeared it should be possible to continue to operate the pool safely in future years, as this last year, utilising the booking system and lanes.

Fortunately the existing three year fixed rate energy contracts continue part way into next season, which reduces the cost escalation risks for next year. While the electricity contract ends at the end of March, the gas contract extends into mid-July. However, thereafter it is still very uncertain as to what will happen to energy prices in the marketplace and to what extent the government will provide financial support for businesses such as swimming pools. The Chancellor indicated in his Autumn statement that financial support for high energy prices would now be provided until March 2024, but no details were provided as to what this will mean in practice for businesses, or which businesses would be considered to be vulnerable and therefore qualify for this support.

As prices were increasing very rapidly in August and there was an expectation that prices would be considerably higher by April 2023 and beyond, the trustees were faced with the prospect that it might be very difficult to obtain any new fixed price contracts at economic tariffs if we waited until next year. Given that suppliers were offering new contracts from next year in advance, and in the absence of any promises of support from the government at that stage, a decision was therefore taken to obtain the best fixed rates then available in order to provide some future certainty as to maximum costs, and to manage the high level of risk. New three year contracts for 2023 to 2025 were therefore entered into at much higher prices than currently being paid.

It is currently unclear, if the government does allow fixed price contracts to be overridden for businesses in the shorter term, as they have indicated that they would when providing financial support, whether this would mean that they could be avoided for the remainder of their duration thereafter, for 2024 and 2025. This would be much appreciated, especially if rates in the marketplace have fallen below contract rates by that point. SSPC will certainly be pressing with the suppliers for these contracts to be set aside if it seems likely that cheaper rates could then be obtained nearer the time when the existing contracts come to an end, and bearing in mind the level of government financial support confirmed by then.

Clearly it is hoped that, if the ASHP and new gas boiler can be acquired and installed before next swimming season, the overall gas consumption would come down very substantially, even recognising that electricity consumption will increase. Significant efforts will also be made to reduce

energy consumption by continuing to run the pool at a lower water temperature of 26 degrees, rather than the previous normal temperature of 28 degrees, if possible.

Allowing for only a conservative estimate of all such savings, the likely costs of gas and electricity at the higher new contract prices have been calculated and the effect on operating costs and financial viability of the club assessed. As a result it has been confirmed that the pool should still be able to operate at a reasonable surplus, even if the full new three year contract prices need to be paid until 2025, if there is no government financial support forthcoming.

The financial risks considered to be facing SSPC are still therefore considered to be relatively low and manageable for the next three years at least, with known maximum energy prices.

STRUCTURE, GOVERNANCE and MANAGEMENT

Constitution

The constitution in use complies with Charity Commission standards, as applicable for a CIO (charitable incorporated organisation). Particular features of the constitution are:

- Pool members all become voting members of the CIO
- This is through adoption of the 'Association' CIO model
- Voting will normally be through attendance at general meetings (AGMs, EGMs)
- No activities can be undertaken which are in conflict with the charitable purposes of the organisation (for example, the club is not allowed to make a profit – though this does not represent a change from the previous 'non-profit making' status)
- 1/3 of trustees retire by rotation at the AGM each year (though they can be re-appointed).

Trustees

Trustees are recruited from the membership of the club, based on names normally put forward to the AGM and confirmed by voting of those members attending. It is, however, possible for them to be appointed at other times of the year, and for any such extra appointments to be ratified at the subsequent AGM. All Trustees including the four officers of the club appointed last year have continued to perform their roles during the 21/22 financial year, with no changes. The roles of Trustees and their appointments will be re-considered at the 2022 AGM, scheduled to be held on 12 December.

Management

The four officers of the club, who are also trustees, comprise the Chairman, Secretary, Treasurer and Membership Secretary. There are currently thirteen trustees in all. All sub-committees are led by trustees and have clear responsibilities and goals, to take forward the many ambitious initiatives being pursued by the club. These comprise the Pool Operations sub-committee (led by the Pool Operations Manager, supported by a Deputy Manager), the Risk sub-committee (led by the Health and Safety Manager), the Fundraising sub-committee (led by the Chairman) and the Membership sub-committee (led by the Membership Secretary).

Shere Parish Council

As the main lessor of the pool and with overall responsibility for promotion of community initiatives, Shere Parish Council (SPC) continues to take a keen interest in pool management matters and provides financial support where needed. SPC has a representative attending all trustee meetings and providing close communication with the Parish Council.

REFERENCE AND ADMINISTRATIVE DETAILS

Name

The name of the charitable incorporated organisation is: **Shere Swimming Pool Club.**

Charity Registered Number: 1184796

Principal Address

The Secretary, Town Clays, Gomshall Lane, Shere, Guildford, Surrey. GU5 9HE.

Names of Trustees

(pending any changes following the AGM on 12 December 2022):

David Roe (Chairman), Jenny Taylor (Secretary), Amanda Hall (Treasurer), David Pryor (Membership Secretary), Clive Stevens (Pool Operations Manager), Steve Moggs (Health and Safety Manager and Deputy Pool Operations Manager), Barry Arnfield (Plant Room Systems), Roger Troughton (Website and Technology Manager), Betty Fitzpatrick (Pool Cleaning Manager), Marion Taylor-Cotter (Publicity), Ian Allen, Jenny Kingcome, Martin Knights.

(Jonathan Cross is the SPC representative on the Trustees Committee).

Funds held as custodian trustees



None. Not applicable.

Exemptions from disclosure

None.

Declarations

Signed on behalf of the charity's trustees:

| | | |
|--------------|---|---|
| Signature(s) |  |  |
| Full name(s) | David Roe | Amanda Hall |
| Position | Chairman | Treasurer |
| Date: | 18.11.22 | 18.11.22 |