

SHERE SWIMMING POOL CLUB – CIO (SSPC)

TRUSTEES ANNUAL REPORT for the year to 30 September 2023

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 2023, operating as a CIO for the fourth 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 and testing of the new gas boiler and air source heat pump systems this year, the pool opened on 29th April, just under 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 500, with approximately one third being individuals and two thirds being families, amounting to just over 1,400 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 well as our continuing to provide 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 plays an important part in creating community cohesion and reducing isolation
- Enabling precious family time and increasing children's' 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, and the rebuilding of the changing rooms in 2021/22, the priority for 2022/23 has been to complete **Stage 3: Replacement of energy systems with a new gas boiler and air source heat pump.**

In addition, in line with the Vision for the pool, a key aim is to open the pool for use by the local schools as well as disabled swimmers from a local charity for the first time.

Achievements against objectives set

Stage 3 Replacement of energy systems with a new gas boiler and air source heat pump.

Work continued during early 2023 to finalise the specification and budget for the new energy systems, through discussions with prospective suppliers. A number of industry-wide cost increases had been recognised and it was decided to select a better, though slightly more expensive gas boiler. Further costs needed to be incorporated for an enclosure for the Air Source Heat Pump (ASHP), a noise impact assessment, upgraded electrical systems and training. In addition it was decided to acquire a new (SEKO) chemical dosing system, as the old system had proved to be somewhat difficult to manage over many years. This resulted in an increased overall budget of **£50,000**. PPE Ltd., who had been responsible for the upgrade of the pool and plant room systems was selected as the preferred supplier.

A successful application was made to LoCase (the South East England environmental fund) for up to **£15,000**, a small grant of **£2,000** already having been procured earlier from iGAS. Together with accumulated SSPC funds brought forward of **£27,000** and limited access of up to **£6,000** to predicted 2023 operating surpluses, this provided sufficient funds for installation work to proceed during early Spring. This work and testing were completed in time for the pool to re-open at the end of April. Since then there has been further refinement of the operation of the combined systems, mixing the use of the gas boiler and ASHP so as to ensure that the target water temperature of 26 degrees can be maintained, as far as possible, in varying weather conditions.

Shere School and the associated Clandon school have run swimming sessions for their children for the first time this year. These have included lessons from a qualified swimming instructor, who works for the schools, and have operated in the latter half of the Summer term and opening part of the Autumn term. The children have enjoyed and benefitted from the swimming enormously, so this has been a great success, with the intention of continuing in future years.

Further discussions have been held with Cherry Trees Charity for disabled children, with a view to some of them also being able to use the pool and specially designed changing facilities. However, this has not yet been possible, given their risk assessments and need to identify a qualified swimming instructor to accompany the sessions. This will continue to be pursued, with a view to swimming being possible in 2024.

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

The charity generated a total income of £85,535 this year, showing a notable increase from the prior year's £77,661.

Operating income and expenses

The predominant income source for the charity was subscription revenue, tallying at £50,515 (an increase from the previous year's £44,108). This increase largely mirrors the 20% increase in subscription fees. This revenue is delineated as Unrestricted Funds within the SOFA and Note 3, allowing its utilisation for any standard expenditure.

Total expenditure for the year amounted to £35,005 (before depreciation), including £530 capital-related costs attributed to fundraising efforts for the Swimathon. Total operating costs amounted to £34,475, an increase from the preceding year's £25,575. The large increase primarily relates to utility costs at £19,770 (a rise from the preceding year's £12,164) and pool repair expenses totalling £6,772 (an increase from £4,581). The surge in utility costs reflects considerably higher gas and electricity costs in the marketplace during the last year, following the renewal of both the gas and electricity

contracts, yet was somewhat counterbalanced by the introduction of the more efficient gas boiler and ASHP.

The escalation in repair and maintenance costs is ascribed to two water leaks, collectively amounting to £3,311. A leak at the stopcock was Thames Water's liability. We initiated a claim with Castle Water, Thames Water's retail business billing agency, in January 2023, encompassing both the repair and the water wastage during the leak. Preliminary indications from Castle Water suggest a possible refund of up to £2,000 on the water bill. The repair claim remains pending. Exercising prudence, we have provided for the full water usage and repair costs in these Accounts. A detailed breakdown of the operating expenditure is provided in Note 6 of the accounts.

Depreciation of £20,131 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. The figure is higher than last year, due to the inclusion of depreciation on the cost of the new energy systems for the first time.

Grants, Donations and Gift Aid

The charity was the recipient of grants totalling £16,678, with £2,000 sourced from iGAS and the residual £14,677 the amount actually received from LoCase, to be invested in procurement of the new energy systems installed.

Donations (largely received from members) witnessed a remarkable upsurge, amounting to £17,664, largely attributable to the specific fundraising for the Air Source Heat Pump. This was primarily driven by the highly successful Swimathon and complemented by Gift Aid contributions of £3,636, giving rise to total donation income of £21,300, received during the year.

Fixed Assets

Capital expenditure incurred for the procurement and installation of the new energy and chemical dosing systems, totalling £47,725, is classified under Fixed Assets for this fiscal year. These are being depreciated at a rate of 10% which is consistent with the rate used for recently acquired new plant room systems assets. To the extent that funds brought forward plus donations and grants were still insufficient to fully fund the capital expenditure undertaken, this gap was funded by accessing some of the operating surplus for the current year. This has resulted in a transfer of £9,672 from Unrestricted Reserves to Restricted Reserves on the SOFA.

Financial Position at the end of the period

Unrestricted funds experienced an augmentation, bolstered by a net operating surplus of £15,511. Conversely, restricted funds saw a depletion, combining the capital outlay of £47,725 and depreciation costs of £20,131. This was partly mitigated by the inflow from grants, donations, and gift aid, leading to a net reduction of £32,836. The collective effect manifested as a net reduction in funds, across unrestricted and restricted funds, amounting to £17,325 for the year. A prior balance

of £16,952 in unrestricted funds, coupled with 2023's operating surplus of £15,551, facilitated a transfer of £47,725 to restricted funds, covering the energy and related systems' capital costs. Careful financial management has ensured there is still a substantial residual of unrestricted funds, concluding the year with net current assets valued at £22,791, indicating a robust fiscal year-end status.

Judicious capital investments have addressed the challenge of significant increases in market prices for gas and expenditure as well as paving the way for substantially reduced carbon emissions for future years, through the use for the first time of an air source heat pump.

The overall financial position at year-end is healthier than the previous year, indicating sound financial management and strong community support for the charity's objectives.

Meeting future funding requirements

The major upgrade of the pool, all its systems and the changing rooms is now complete. Minor capital expenditure for next year is currently being considered, for example to replace the pool cover, but there are no other major capital projects thought to be necessary for the foreseeable future.

However, there is still a need to recognise that new equipment assets have limited useful lives and to address the need to fund their replacement in due course. Equipment includes the plant room systems, embracing new filters, pumps and a UV system, purchased and installed in 2020. With the new gas boiler, air source heat pump and related systems installed this year this amounts to around £86,000 of expenditure. These assets are being depreciated in the Accounts at 10% per annum and do, in the main have useful lives estimated as around ten years (exceptions being the gas boiler, which could last longer and the pumps used very regularly, which will probably only last around five years).

The trustees have therefore determined that funds should start to be set aside from operational surpluses to fund their replacement, at the end of their estimated remaining useful lives. It is not realistic to expect that the majority of replacements can be funded from further grants or member donations, as has been the case in the past. Allowing to some extent for inflation, the amount required has been estimated as approximately £10,000 per annum, as surplus funds permit. This money is available from cash funds up to the value of net current assets, after taking account of the General Reserve of £10,000 set up in previous years (see next section).

The fund is to be called the Capital Replacement Reserve, which will constitute one of the Dedicated Reserves in the Accounts. It is intended to set up a special savings bank account early in the next financial year, into which these funds will be placed, with the intention that they should earn a high interest rate and build up over the next few years.

It is not considered necessary to set up replacement reserves for the other fixed assets (which comprise the new pool infrastructure (£173,748) and new changing rooms (£94,985), as these should not require replacing in the foreseeable future, despite these assets being depreciated over 20 years and 40 years respectively, for reasons of prudence. Instead, where routine repairs and

maintenance are required it is expected that these should be paid for out of regular operating income through member subscriptions.

Principal financial risks

The Stage 1 upgrade project, covering the pool and plant room systems, in 2020 has already resulted in lower ongoing annual service and repair 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 Stage 2 Rebuilding of the Changing Rooms, in 2022, has ensured that we have a sustainable buildings infrastructure for the long term and should help ensure that premises maintenance costs are minimal, for the future.

Finally, the Stage 3 Upgrade of Energy Systems this year should enable us to be best placed to control possibly further escalating energy costs, utilising much more efficient heating systems, as well as reducing the carbon footprint of the pool, for the future.

The further increase in membership subscriptions this year has also helped, in achieving operational surpluses for the last three years.

With the new chemical treatment of the pool using a bromine-based system 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 and last year, utilising the booking system and lanes.

We have entered into new contracts for the supply of gas and electricity this year. The gas contract at a price of 8.97 pence per kwh commenced on 13 July and runs for three years (our previous contract price was 3.5p per kwh). This is considered to be a very good price to have secured, once the peak prices of the summer of 2022 had declined quite considerably, and provides certainty for the medium term future. As the club should be consuming much less gas for the future, given the transfer to the use of a hybrid system, encompassing a more efficient gas boiler and electricity, through the use of the ASHP, the financial risk associated with future increases in gas prices is therefore considered to be relatively lower, for the medium term. At the time of writing, the latest 3 year forward contract price for gas is 10.2p per kwh so this still marginally exceeds what we are now paying.

The new contract for electricity is at a price of 30.77p per kwh for two years, until the end of March 2025 (previous contract at 12.08p per kwh). This is reduced by a government business subsidy of 2p per kwh for 2023/24. We are expecting to be consuming more electricity than gas, as a result of the use of the ASHP and it has to be recognised that electricity is much more expensive than gas. However, through the efficiency of the ASHP we will be consuming less than one third of the energy we consumed before, when the weather conditions are favourable to use the ASHP. Overall future costs are estimated to be lower using the ASHP than continuing with gas. At the time of writing, the latest 3 year forward contract price for electricity is 29.9p per kwh so only marginally lower than

what we are now paying. It is also expected that the price of electricity relative to gas should decline in the medium term, thanks to an increasing proportion of renewables used in its production.

The new, much higher gas and energy prices have been absorbed this year, due to much reduced energy consumption and as a result of increased subscriptions, still resulting in a large operating surplus. To the extent that gas still needs to be used next year the higher price will apply for a full season in 2024 (rather than half the season, as this year). With likely inflation still to be absorbed in relation to other costs, early budget estimates suggest that the operating surplus will be reduced next year, though still reasonably high. SSPC trustees are therefore confident that contracted future energy prices for at least next year and other reduced maintenance should ensure that the financial outlook for SSPC remains very positive, for the short to medium term future.

SSPC also retains a General Reserve of £10,000 to cover operational financial risks. This was originally set up to cover 'fixed' costs which would continue to need to be paid for if we were unable to operate the pool (for instance because of COVID, or any other reason). These costs were estimated as amounting to £6,000, required to cover insurance costs and winter pool heating costs. This Reserve was increased to £10,000 at the end of 2021 because of the escalation of and uncertainties relating to energy costs. With the capped energy tariffs now contracted for, there is not so much of a need for that element for the next year or so, but this will need to be re-considered in 2025. This General Reserve represents another component of the Club's Dedicated Reserves. To the extent that this is not needed for day to day operations, consideration will also be given this next year to investing all or part of it in a high interest earning savings account.

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 re-appointed last year have continued to perform their roles during the 22/23 financial year, with no changes. The roles of

Trustees and their appointments will be re-considered at the 2023 AGM, scheduled to be held on 13th November 2023.

Management

The four officers of the club, who are also trustees, comprise the Chairman, Secretary, Treasurer and Membership Secretary. There are currently twelve trustees in all. A Pool Operations sub-committee (led by the Pool Operations Manager, supported by a Deputy Manager) meets regularly. Other sub-committees are set up ad hoc, as necessary and used to address current issues. These have recently covered Risk, Fundraising, the Booking System and Membership systems.

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

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

Names of Trustees

(pending any changes following the AGM on 13 November 2023):

David Roe (Chairman), Kath Webster (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), Jenny Taylor, Jenny Kingcome, and Christian Staunskjaer. (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:	23.10. 23	23.10.23