



## OVERVIEW & SCRUTINY COMMITTEE

Thursday, 7 January 2016

### ANNUAL PARTNERSHIP REPORT ON SENTINEL LEISURE TRUST (REP1245)

#### EXECUTIVE SUMMARY

To receive a report on the performance of Sentinel Leisure Trust.

Is the report Open or Exempt?	Open
<b>Wards Affected:</b>	All
<b>Cabinet Member:</b>	Councillor S Ardley Cabinet Member for Operational Partnerships & Lowestoft Rising
<b>Supporting Officers:</b>	Andrew Jarvis Strategic Director 01394 444323 <a href="mailto:andrew.jarvis@eastsoffolk.gov.uk">andrew.jarvis@eastsoffolk.gov.uk</a>  Richard Alexander Service Manager, Strategic Partnerships 01502 523672 <a href="mailto:richard.alexander@eastsoffolk.gov.uk">richard.alexander@eastsoffolk.gov.uk</a>  Stuart Everett Managing Director – Sentinel Leisure Trust 01502 588444 <a href="mailto:stuart.everett@sentinellt.co.uk">stuart.everett@sentinellt.co.uk</a>

## 1 INTRODUCTION

- 1.1 Sentinel Leisure Trust is a Charitable Not for Profit organisation that operates the Leisure Services on behalf of the Council. These services include:
- Waterlane Leisure Centre
  - Bungay Pool and Gym
  - Oulton Broad and Beccles Yacht Station
  - Lowestoft Beach Services
  - Dip Farm Golf and Football Pitches
  - Barnards Soccer Centre
  - Performance management of the RNLI Lifeguard Service
  - Operation of Mutford Lock and Road Bridge
  - Sports and Leisure Development
  - Strategic Play Development
  - Via a service level agreement: Operational management support of Southwold Harbour and Southwold Caravan Park and Partnership management of Marina Theatre Trust, also undertakes project works on leisure development and operational contract management for Suffolk Coastal District Council.
- 1.2 The Trust is governed by a board of voluntary trustees (Directors) who have a wide and diverse range of skills that add value to the Partnership.
- 1.3 The Trust commenced operation 1 April 2011 and is now trading in its fifth financial period.
- 1.4 This report gives an overview of the performance to date, highlights any key achievements and details governance arrangements.
- 1.5 The report has been prepared to be held in 'Open' session and has the necessary broad performance information contained within it. This may promote supplementary questions that the Trust and Council considers to be commercially sensitive. In this case we will keep any such questions to the end of the meeting in order to move into private session.

## 2 FINANCIAL OVERVIEW

### **Audited Accounts position 2014/15**

- 2.1 The Trust recorded a financial loss of £140,000 for the trading period 2014 to 2015. The key reason behind this loss was the change in funding position with the Council. This change resulted in a swing of £761,000 from a grant of £256,000 to a gross payment of £505,000
- 2.2 Despite the recorded loss, the financial period has been very successful and has seen expenditure reduced and turnover significantly increased.
- 2.3 Excluding the change in funding position with the Council, total company turnover has increased by £387,000 which is a 14.7% increase.
- 2.4 The key areas of business that supported this increase in turnover are:
- Health and fitness activity at both Waterlane and Bungay through improved sales, marketing and retention
  - Swimming lessons, through increasing occupancy and capitalising on a large waiting list
  - Moorings at Oulton Broad through changing the pricing strategy
  - Beach huts through competitive setting of fees and the addition of 34 new sites.

- 2.5 Charitable activity expenditure for the period increased by £412,159 and Sentinel Enterprises Ltd activity expenditure reduced by £19,929, making the total company expenditure position increase by £392,230. Considering the change in funding position from the Council (new £505,000 payment) direct operational expenditure actually reduced by £156,794.
- 2.6 Staff costs for the period increased by £92,938, from £1,456,015 to £1,548,953. The majority of this increase is the result of national minimum wage and pension contributions. Staff expenditure stands at 52% of current turnover which is low when compared to Industry average of 62%.
- 2.7 The company's balance sheet has improved significantly and has seen a change in funds from £716,763 loss in 2013/14 to a £256,089 loss in 2014/15.

### **Financial Performance April to December 2015**

- 2.8 Financial performance for the period is exceeding budget expectations and the Trust is on course to record a profit of £63,000 for the financial year.
- 2.9 Cash flow is secure with the Trust operating with significant financial resilience. The board passed a resolution to establish a reserve account and transfer some operating funds. This marks a significant step in the Trust's development and evidences the organisation is on track to meet the Partnership's original objectives.

## **3 GOVERNANCE OVERVIEW**

- 3.1 Following the recovery process the partnership governance arrangements are considered to be robust, with the Council enjoying a strong relationship with the Board of Trustees and Senior Management Team of the Trust.
- 3.2 The process involves a monthly partnership meeting between Council officers and the Managing Director of Sentinel Leisure Trust, which includes a thorough review of performance, financial reports, risk mitigation, joint projects and customer comments.
- 3.3 This performance and risk review in the monthly meeting is reported to the Partnership Board on a quarterly basis for review and sign off. The Joint Board meetings are represented by Elected Members and officers of the Senior Management Team.
- 3.4 The Trust has seen a dramatic improvement in its internal governance arrangements over the past 12 months, which has resulted in an improved financial audit report and the adoption of internal auditing on financial systems, health and safety and operating procedures.
- 3.5 The Board of the Trust has overseen an improvement in its general governance of the organisation with Trustees now allocated to areas of specialism and aligned to the relevant senior officer of the Trust. Areas include finance, audit, health and safety, business development and human resources.
- 3.6 The Trust, when formed by the Council, was considered to be a developing model, in terms of providing additional Council operational and strategic services, particularly on a sub-regional basis. This was the basis on which the Council procured the current arrangement for its service provision. Contained within the report are key indications that the wider objectives are now being achieved, which add resilience to the organisation and importantly delivers savings to the Council.

## **4 KEY ACHIEVEMENTS AND PERFORMANCE**

- 4.1 A new suite of key performance indicators (KPIs) were agreed and adopted by the Partnership Board. The current version of the KPIs can be found in Appendix A.
- 4.2 The KPIs monitor the performance of the Trust to ensure service standards are being delivered and the Council is achieving value for money for local residents. To complement the performance detailed and reported in the KPI document, the Trust has to achieve a number of additional successes.
- 4.3 The key focus for the Trust is to improve organisation resilience, financial resilience, develop reserves and deliver charitable objectives. This will ensure the long term stability

of the company and enable a pro-active approach to support the Council with its medium term financial strategy. To achieve this, the Trust has commenced an expansion and growth programme which has seen the following exciting developments.

- The successful award of a 15 year contract to operate Great Yarmouth Borough Council's (GYBC) leisure services, including the Marina Leisure Centre and the Phoenix Pool.
- Working with GYBC and Pulse fitness to invest £7.6m into their leisure facilities.
- Successful tender as preferred operator for a new Leisure facility at Halesworth by Halesworth Campus limited.
- Launched a new consultancy company and appointed an experienced Director to drive this business forward. This company has already secured a national partnership with Pulse Fitness amongst other contracts.
- In partnership with Tingdene the Trust has commenced the operation of its first independent fitness facility at Broadlands. This operation will see a significant increase in the company's turnover, whilst improving its position in the local health and fitness market.
- Appointed to deliver sports development services for WDC and GYBC, including strategic play development.
- Through this service the Trust has been awarded £322,297 to deliver a community health scheme over the next 3 years.
- The Trust has delivered the successful Beat the Street scheme in Lowestoft, engaging with thousands of children and adults and increasing activity levels.
- The Trust has commenced the marketing and sales of its 74 beach hut sites in Pakefield. This initiative could be worth over £1m to the Council.
- In partnership with Active Development Foundation the Trust launched a new community college in Lowestoft. Since September the community college has enrolled over 75 local youngsters in vocational and educational programmes.
- To support this period of growth the Trust has undertaken a full organisation re-structure that has seen a reduction in head office staff costs and investment in front line services. Overall the restructure will achieve an annual reduction in staff costs of £60,000.
- Established the Trust's strategic partnership with East Coast Community Health to deliver health improvement initiatives across all sites. Initiatives include:
  - o Cardiac Rehabilitation programme;
  - o Pulmonary Rehabilitation programme;
  - o GP referral Scheme;
  - o Weight Management programmes;
  - o Pre and Post-Operative rehabilitation;
  - o Junior weight management programmes; and
  - o 12 week intervention schemes.
- The Trust has developed its health and improvement sponsorship scheme which sees local residents facing financial and health difficulties gaining access to fitness programmes for free. There are currently 15 people on the scheme and even in its infancy it is making a real impact on the individuals.
- Rescued the annual Christmas Day Swim and raised over £8,000 for local charities and good causes. This year the event is on course to be more successful with an increase in registered swimmers.

- The Trust has invested and introduced 9 new modern apprenticeship positions throughout its services.
- Undertaken a number of enrichment programmes with local schools.
- Supported the Lowestoft Armed forces day, Stars of Waveney.
- Hosted a number of charity fundraising events throughout the year.
- Introduced a voluntary work scheme which has seen over 1,000 hours being delivered in the Trust's facilities and services.
- Supported over 150 local fundraising events with prizes.

**5 REASON FOR RECOMMENDATION**

5.1 To ensure that the Overview & Scrutiny Committee has the opportunity to review the performance of Sentinel Leisure Trust on an annual basis.

<p><b>RECOMMENDATION</b></p> <p>That the Overview &amp; Scrutiny Committee receives the annual report of Sentinel Leisure Trust.</p>
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<b>APPENDICES</b>	
<b>Appendix A</b>	2015/16 KPIs - November

<b>BACKGROUND PAPERS</b>		
<b>Date</b>	<b>Type</b>	<b>Available From</b>
None		