

## Overview and Scrutiny Committee

5 January 2017

### ANNUAL PARTNERSHIP REPORT ON SENTINEL LEISURE TRUST (REP1422)

#### EXECUTIVE SUMMARY

1. To receive the performance report 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 Officer:</b>	Stuart Everett Managing Director, Sentinel Leisure Trust <a href="mailto:Stuart.everett@sentinellt.co.uk">Stuart.everett@sentinellt.co.uk</a> 01502 532541  Kerry Blair Head of Operations  Richard Alexander Service Manager – Commercial Partnerships

## **1 INTRODUCTION**

1.1 Sentinel Leisure Trust is a Charitable Non Profit Distributing 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
- 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 developments 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. The Council have two nominated representatives on the Board who currently are Cllr Grant and Cllr Murray.

1.3 The Council monitors' operational performance, sets strategic goals and develops joint projects via the partnership governance process.

1.4 This report gives an overview of the performance to date, highlights any key achievements and details future plans.

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 GOVERNANCE**

2.1 The partnership governance 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.

2.2 This performance is reported to the Joint 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. The Board also agrees the annual targets and service plan for the Councils services contracted to the trust.

- 2.3 The Trust has very robust internal governance arrangements evidenced by a strong financial audit report and the completion of internal auditing on financial systems, health and safety and operating procedures. This is supported by an annual audit by the Council to ensure all partnership responsibilities are complete.

### 3 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 3.1 Healthy Communities – Sentinel Leisure Trust engages with numerous local groups and provides quality services and facilities to support sport activities, health and well being to all of the community.
- 3.2 Financial Sustainability – robust financial governance and commercial opportunities have resulted in significant improvement in the financial position during the past year.

### 4 FINANCIAL PERFORMANCE

#### 4.1 The partnership performance:

- 4.2 The Trust delivers a number of services and operations on behalf of the Council. The cost of this service is realised through the payment of a management fee.
- 4.3 Over the first 6 years of the partnership this payment has improved significantly resulting in Sentinel paying the Council a management fee for 2016/17 of £374,904 with a further projected payment of £92,624 linked to Health and fitness performance.
- 4.4 This management fee payment represents a £739,904 improvement to the Council in 5 years. This significant improvement has resulted in a swing from a management fee payable from the Council of £365,000 in 2011 to the Trust Paying a fee of £374,904 in 2016/17 This position is detailed in the chart below.

2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17
-365,000	-206,000	-256,000	+474,825	+£374,825	+374,904 +92,624 (Projected)

\*includes items relating to changes for auto enrolment/pension contributions, National Living Wage and the addition of Sports and Play Development services, although shown as a reduction compared to 14/15, the net impact and performance provides additional savings in real terms

- 4.5 The cost of service is calculated as a direct revenue position and doesn't include items such as asset depreciation or Capital cost.
- 4.6 When factoring in the management fee payable to the council the net revenue cost of the Councils services currently projects a £106,008 cost over and above management fee payable. To ensure the management fee is paid, this net loss is cross subsidised and supported by commercial activity delivered by Sentinel outside of the Councils partnership.
- 4.7 **2015/16 Audited Accounts:**
- 4.8 Sentinel Leisure Trust is an independent company limited by guarantee and as such completes an annual financial audit and its audited accounts are published at Company's

House and the Charities Commission. The Trusts appointed auditors for the 2015/16 and 2016/17 period is Lovewell Blake.

- 4.9 The Trust had a very successful trading period and recorded a profit of £167,746. This position was achieved through a growth in income across all areas of the business.
- 4.10 The Trust recorded significant growth in both Charitable and non-Charitable income sources which covers areas of the business including, Health and fitness, Swimming, Soft play, Sports facility hire, Beach services and consultancy. The Trust achieved a £2,401,063 growth in income, from £2,975,248 in 2014/15, to £5,376,311 in 2015/16.
- 4.11 Expenditure increased significantly but in line with expectations to support the projected growth in business. Overall expenditure increased by £2,084,797 from £3,123,768 in 2014/15 to £5,208,565 in 2015/16.
- 4.12 With income increasing by £2,368,255 and expenditure increasing by £2,084,797 the Trusts net improvement in 12 months is £283,458.
- 4.13 The Trusts balance sheet has improved significantly and has seen a change in funds from £716,763 loss in 2013/14 to a £98,343 loss in 2015/16, this balance in the main represents the historical challenging issues that the trust faced in the early years. It is predicted that the Trust will have a positive balance sheet by the end of the 2016/17 financial year. The Trusts cash flow is secure and the organisation has significant financial resilience.

## **5 KEY PERFORMANCE AND ADDED VALUE**

- 5.1 The Council sets and reviews the Trusts performance against a suite of Key performance indicators (KPI's) with measurable targets. Performance against the targets is reviewed by the governance arrangements on a monthly basis and reported to the Joint board on a quarterly basis.
- 5.2 Performance of the Trust against 15/16 targets were well received by the partnership board with highlights including:
- £331,000 of external grants,
  - Fitness yield increase from £28.95 pm to £30.23 pm
  - % complaints per visit down from 0.029% to 0.019%
  - Number of health initiatives up from 466 to 642
  - Web site hits up from 99,528 to 322,005
  - Footfall increase of 12,000 at Waterlane and a retained footfall attendance at Bungay Pool and Gym
  - Casual beach hut occupancy up 1% to 81.5%, with seasonal beach hut occupancy at 100%
- 5.3 Areas for analysis and improvement in 2016/17 are boat nights at Oulton broad, Passport to leisure attendance and net gain in fitness membership at Bungay Pool and Gym. It is pleasing to report the Trust performance in these areas have seen an uplift year to date April 16 to November 16.
- 5.4 To support further due diligence on performance the partnership reviews on a monthly basis the joint project register, Joint risk register, customer comment system, finance

accounts, cash flow, Audit actions and data quality. The Council is pleased with the Trusts performance against the contract position.

5.5 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. It is clear the wider objectives are now being achieved, which add resilience to the Trust and importantly delivers savings to the Council. Examples of this business growth over the past 18 month are:

- Continued growth in income at Broadlands private fitness provision
- Growth in the Trusts GYBC contract
- New and national contracts awarded through IMS consultancy
- New operation of two local swimming pools
- Recent Launch of Sentinel Education
- Delivering Sports and Leisure Development services for other authorities

5.6 In addition to the contract performance the Trust continues to deliver 'Added Value' through local charitable schemes and initiatives. Schemes delivered in the past 18 months include:

- Pulmonary rehabilitation courses at Waterlane
- Cardio rehabilitation courses at Waterlane
- Delivery of the Lowestoft Christmas day swim raising over £30,000 for local causes
- Changing lives scheme supporting local residents with health issues to improve self esteem, physical ability and get back to work,
- Making memories scheme, working with Palliative care team and the Louise Hamilton centre, offering families support and experiences to improve end of life care and in their time of need
- Lowestoft Ogogo Sport England Scheme aimed at improving physical activity levels of young mums and 55+.
- Developed and launched Wellness prescription with local health providers and GP's to support local people with health problems to get active and healthy
- Development of 12 apprentice schemes across the group in areas such as Leisure Attendants, Fitness instructors and business admin
- Placed over 50 members of staff through professional education courses
- Developed a well-being 'App' to promote active lifestyles and healthy eating
- Support national sports people to access our sports facilities for free to help them achieve sporting success (FANS scheme)
- Working with Suffolk young carers to give respite to under 16 year olds who care for their parents' full time.
- Working with Flagship we offer fun packages to homeless families to offer some respite and normality to their lives when most needed

- Working with One Life Suffolk to deliver adult and junior weight management programmes and smoking cessation
- Over 1000 hours of local volunteer hours throughout our services
- Commissioned the Lowestoft and Southwold RNLI beach lifeguard service to educate a number of local schools on beach safety initiatives
- Support the BG football fund which provides grants, equipment and support to local children who want to participate in football but are facing hardship as a barrier
- Developed and supported a Play area strategy and Built Leisure facility strategy with clear action plans for delivery
- Donated over 300 prizes to local organisations, schools, clubs and charities to help raise funds
- Supported and sponsored key local events such as Stars of Waveney, Lowestoft Festival, Veterans Day and the Kitchener memorial display.
- Generated over £330,000 in external grants using our charitable status

## **6 PARTNERSHIP RISKS**

- 6.1 Partnership risks are evaluated and mitigated via a Joint risk register that is reviewed on a monthly and quarterly basis.
- 6.2 The Council and Sentinel are happy with the mitigating action that has been undertaken and that all risks are within appetite.
- 6.3 Areas for review over coming months are the potential East Suffolk Council, Lowestoft and Oulton broad Parishes and Beccles Quay.

## **7 FUTURE PLANS**

- 7.1 The Trust and Partnership are currently reviewing and refreshing the strategic plan for the next 5 to 10 years. The Councils officers and Sentinel staff have been working on this new plan and hope to launch this with a detailed action plan March 2017. This will ensure the Trust local direction is aligned to the needs and objectives of the Council and its communities.
- 7.2 Outside of this strategic review, it has always been the Councils vision to develop the partnership into a sub-regional model and develop new business opportunities, in order to realise additional investment into the local area and further support services by reducing costs and providing additional benefits, such as exploring asset transfer to reduce the liabilities and risk's to the Council. Therefore the Trust and the Council have been working on the development of some key commercial growth in local and national projects.
- 7.3 Examples of these projects include:
  - Halesworth Campus Sports Facilities, as Sentinel is the nominated operational partner, in developing sports provision in the town
  - Dip Farm, exploring options for commercial growth
  - Oaks Farm Sports Facilities, supporting the council to develop high quality outdoor sport provision

- Exploring options for business growth and development of Bungay Pool and Gym
- Sentinel have Launched an education business to deliver football scholarship and Leisure apprenticeship schemes across Suffolk and Norfolk.
- As part of the Education business Sentinel have developed a partnership with Leisure United and the football association (FA) to deliver football scholarship programmes in their park life 3G football sites across England. This has the potential to be delivered in 100 sites.

## **8 REASON FOR RECOMMENDATION**

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

### **RECOMMENDATIONS**

1. That the Overview & Scrutiny Committee receives the annual report of Sentinel Leisure Trust.

### **BACKGROUND PAPERS**

None