

Overview and Scrutiny Committee

Thursday, 6 September 2018

ANNUAL 2017/18 PARTNERSHIP REPORT ON SENTINEL LEISURE TRUST (REP1814)

EXECUTIVE SUMMARY

To receive the annual performance report 2017 - 2018 of Sentinel Leisure Trust.

Is the report Open or Exempt?	Open
Wards Affected:	All
Cabinet Member:	Councillor G Catchpole Cabinet Member for Operational Partnerships
Supporting Officer:	<p>Kerry Blair Head of Operations Tel: 01502 523007 Email: Kerry.blair@eastsoffolk.gov.uk</p> <p>Tim Snook Service Manager – Commercial Partnerships Tel: 01394 444210 Email: tim.snook@eastsoffolk.gov.uk</p> <p>Stuart Everett Managing Director, Sentinel Leisure Trust Tel: 01502 588444 Email: stuart.everett@sentinellt.co.uk</p>

1 INTRODUCTION

- 1.1 Sentinel Leisure Trust (SLT) 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 Yacht Station
 - Beccles Marina (1st January 2017 – operation returned to WDC before transferring to Beccles Town Council in 2018)
 - Lowestoft Beach Services
 - Dip Farm Golf and Football Pitches
 - RNLI Lifeguard Service
 - Sports and Leisure Development
 - Strategic Play Development
- 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 and business growth 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 Councils' Senior Management Team. The Board also agrees the annual targets and service plan for the Councils services contracted to the trust.
- 2.3 Over the past 12 months the Governance process has proven a success as the partnership has worked towards resolving a number of concerns such as; Beccles Quay ownership, Pool plant at Bungay Pool and Gym (BPG), ongoing refurbishment / improvement of BPG, temporary huts at Lowestoft promenade, impact of Oulton Broad Parish Council and Lowestoft Town Council, amongst others.

- 2.4 The Boards focus for the next twelve months is to resolve concern regarding the Councils' medium to long term asset maintenance programme for leisure stock, drive forward improvement at BPG, deliver projects to support the Councils' budget gap and focus on improving the health of our local residents. All these items are discussed at board level via the partnership risk register and project register.
- 2.5 The Trust has very robust internal governance arrangements evidenced by a strong independent financial audit report and the completion of internal auditing focusing 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, individuals and those at most need and provides quality services and facilities to support and improve their health and wellbeing. The Trust has an expansive programme of activity delivered in partnership with ECCH, JPH and local doctors. The activity delivered includes wellness referral, social prescribing, Lowestoft Ogogo project, cardio rehabilitation, adult weight management, stroke referral, cystic fibrosis referral and many more.
- 3.2 Financial Sustainability – robust financial governance and commercial opportunities have resulted in significant improvement in the financial position during the length of the partnership. The forward project register has identified projects that could result in significant growth in income.
- 3.3 Halesworth Campus – Sentinel have been appointed the lead operator and project support team for the proposed leisure and education facilities in Halesworth. The Trust represents WDC on this project as added value. The project has seen significant progress the past 12 months, which is reported to the Council via the governance process.
- 3.4 Leisure Strategy and Built Facility Strategy – Sentinel leisure Trust lead on the action plan delivery of these key sports and leisure documents for the Council. This has been further enhanced by the Suffolk Wide Facility Strategy which identified Waveney as an area that has improved significantly with only a few key actions compared to other Suffolk districts.
- 3.5 Play Strategy – Sentinel leisure Trust developed a play strategy for the whole district with a detailed action plan. The delivery of this plan is the responsibility of Sentinel and ensures efficient spend on s106 and CIL contributions in local communities. Over the past 12 months key play projects have been delivered in Carlton Colville and on Lowestoft Sea front.

4 FINANCIAL PERFORMANCE

4.1 The partnership performance 2017/18:

- 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 Council receiving the payment of a management fee for 2017/18. However, with the living wage costs not being mitigated and the changes in VAT partial exemption, the management fee has reduced over the past 3 years.

- 4.4 WDC pay the annual £750,000 mortgage for the Waterlane Leisure Centre redevelopment from 2012 for a 20 year period.
- 4.5 This management fee payment is the calculated net position of all the services delivered by Sentinel Leisure Trust and the fee was £280,724.22 net. This is a significant improvement on the contract base line position.
- 4.6 This improvement has been achieved by the partnership delivering a number of invest to save initiatives, operational improvements, increased participation, focused fees and charges and continuous improvement. This evidences excellent partnership working and success.
- 4.7 However it is fair to point out that operational financial improvement has remained static over the past 12 months. The key reasons for this is major competition entering the marketplace for health and fitness (particularly memberships paid via monthly direct debits) and swimming lessons coupled with the rapid growth over the past 5 years hitting a plateau.
- 4.8 The Council needs to improve its medium term financial plan and requires the partnership to grow revenue. To support this objective a number of key projects have been developed and aimed to deliver over the next 12 to 14 months. It is anticipated these could see major financial improvement with minimal impact on scope and quality of services delivered.

2011/12	2012/13	2013/14	2014/15	2015/16*	2016/17*	2017/18
-365,000	-206,000	-256,000	+419,391	+£327,970	+301,991 +20,946	+280,724

*includes items relating to changes for auto enrolment/pension contributions, National Living Wage and the addition of Sports and Play Development services

- 4.9 The cost of service is calculated as a direct management fee revenue position and doesn't include items such as asset depreciation or capital cost.

Waterlane Leisure Centre	+13,075
Bungay Pool and Gym	-166,530
Barnards Soccer Centre	-24,613
Dip Farm Golf and Football	-51,973
Beach (Lifeguards, Beach huts and Shops)	+68,381
Beccles Yacht Stations	-4,172
Oulton broad Yacht Station	15,537
WDC Contract	-150,295

- 4.10 The net financial position of each service is detailed in the chart above. This shows that the services operated at a net loss of £150,295.
- 4.11 This sum has been subsidised from Sentinel's profit distribution from other commercial activity, a significant contribution, demonstrating growing commercial performance and value for money.

2017/18 Audited Accounts:

- 4.12 The Trust had a very successful trading period and the accounts are currently with their auditors Lovewell Blake. Once complete the Trust shares the full audit with the Council to ensure openness and transparency.

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 Partnership Board on a quarterly basis.

- 5.2 Performance of the Trust against 16/17 targets was well received by the Partnership Board with highlights including:

£122,000 of external grants received including Sport England grant for Lowestoft Ogogo (£104k)

The average Direct Debit collection for all fitness memberships achieved £29.84 per month (Fitness Yield) and this is inclusive of concessionary and student memberships

Fitness membership increased by a net of 474 new members at Bungay Pool & Gym and Waterlane Leisure Centre

% of customer complaints per visit achieved 0.007% against a target of 0.02%, which demonstrates an excellent performance

A significant improvement in the number of health initiatives delivered against the annual target. The Trust recorded 345 sessions against a target of 250

Web site hits were down against target, recording 319744 against a target of 359891. However the Trust launched a successful 'App' and social media platforms, which naturally migrated customer contact away from just the Web.

Footfall was down 15,000 against target at Waterlane but up 8,000 at Bungay Pool and Gym. The Waterlane downturn is linked to H&F and the closure of the sports hall for the Climbing wall development. New entrance gates and turnstiles have been installed which will improve the data capture in this area, making it more efficient and effective

There were over 80,000 concessionary visits across the leisure centres. These include, disabled, those past retirement age, students and local residents in receipt of benefits

Over £118,705 spent on repair and maintenance of the sites (this doesn't include one off investment projects such as Waterlane and Bungay)

- 5.3 The Partnership delivered a successful redevelopment and replacement of the climbing wall at Waterlane with investment of circa £92k from WDC. This new and improved climbing wall was launched at Easter and has already proven very successful. With 1,075 registered users, 56 groups and organisations registered and 283 instructor led classes delivered to 3,621 people.
- 5.4 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 recent years are:
- Continued growth in income at Broadlands private fitness provision
 - Growth in the Trusts GYBC contract
 - New and national contracts awarded through IMS consultancy such as the education scholarship work at the National SGP football sites, which will ensure profit distribution to the local area through asset investment and eventually management fee.
 - Purchase of Adventure Island and Raw Soccer
 - New operation of two local swimming pools at Stalham and Waterside in Corton
 - Recent Launch of Sentinel Education to deliver post 16 education
 - Delivering Sports and Leisure Development services for other authorities
- 5.5 In addition to the contract performance the Trust continues to deliver 'Added Value' and success through local charitable schemes and initiatives. Schemes delivered in recent months include:
- Weekly Pulmonary rehabilitation courses at Waterlane regularly supporting 30 to 40 patients every course
 - Cardio rehabilitation courses at Waterlane in partnership with the Cardiac team at James Parget Hospital. This involves referrals direct onto the scheme post operation.
 - 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 mental health, 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+. This scheme has been very successful with a throughput of 12,500 people
 - 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 40 members of staff through professional education courses

- Developed a well-being 'App' to promote active lifestyles and healthy eating
- Support over 20 local people that compete at national level 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 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
- Donated over 350 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, Waveney Youth Football Club and Oulton Broad speedboat Association and the Suffolk Sport awards
- Generated over £122,000 in external grants using our charitable status
- In partnership with Public health and Norfolk and Norwich University hospital delivered a Cystic Fibrosis Programme supporting suffers access life changing and enhancing physical activity programmes.
- Active Waveney Sports Partnership – single system for sport locally responding to the Sport England and DCMS strategies for sport.
- Delivered free swimming and football activity during the summer funded by WDC and administered by the Partnership to engage with young people during the school holidays.
- Develop a stroke health improvement referral scheme with the stroke unit at James Parget Hospital.
- Partner in the establishment of the new North Suffolk Sport and Health Partnership (Schools)
- Awarded the gold charter standard for Carbon and energy efficiency
- Winner of the Suffolk High Sheriffs award for excellence in partnership
- Finalist at the national leisure industry awards 'Active Nation' for community operator 2018.
- Tourism award 2018 for community excellence
- Sporting Memories – mental health and Alzheimer's project
- Waveney Schools on the beach – over 300 young people from 20 primary schools

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 review mitigating actions that have been undertaken.
- 6.3 Areas for review over coming months are:
- Ensuring robust maintenance planning for the leisure assets
 - Ensure appropriate forward budgets for maintaining and investing in the Leisure Assets
 - Developing a project to ensure the long term sustainability of Bungay Pool and Gym
 - Whole scale review of commercial opportunities to support the budget deficit at the Council.

7 FUTURE PLANS

- 7.1 The Trust and Partnership have reviewed and refreshed the strategic plan for the next 5 to 10 years. The new vision and agreed set of aims and objectives are as follows:

Aims and objectives –

- 1) To improve health and wellbeing by creating a positive sporting habit that enables customers to succeed.
 - 2) To manage our facilities by striving for excellence through continuous improvement and market leading innovation.
 - 3) To deliver sporting and leisure education programmes that are innovative and dynamic to help people reach their career goals.
 - 4) To continually improve our financial position through business growth, facility development, asset growth and sharing our expertise through consultancy.
 - 5) Support WDC to deliver relevant corporate targets and objectives
 - 6) To achieve our charitable objectives through reinvestment of our success.
 - 7) To empower and maintain a dynamic, ambitious and professional workforce.
- 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. Therefore the Trust has 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
 - Strategic partnership with East Coast Community Health, that aligns our two organisations corporate priorities and importantly shares our assets and resources to deliver a number of health improvement initiatives across the district. Examples of projects being delivered over the next 12 months include: palliative care, diabetes management, mental health referral, stroke rehabilitation, fall's prevention, cardiac care amongst others.

- Exploring options for business growth and redevelopment at Bungay Pool and Gym
- Review of Beach hut sites and opportunities for new sites
- Review of moorings at Oulton Broad and scoping new opportunities
- Review of the operation at Dip Farm
- 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.
- Lawn Tennis Association project across all 4 tennis sites to attract capital to develop an improvement plan
- Support Beccles Wasps football Club with their 3g project at Common Lane

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

That the Overview & Scrutiny Committee receives the annual end of year report 2017/18 of Sentinel Leisure Trust.

BACKGROUND PAPERS

None