

Reference from Cabinet held on 15 September 2016

Relevant minute extract below

27. Reference from Scrutiny Committee - Report of the Leisure In-Depth Scrutiny Working Group

Cabinet discussed the reference from Scrutiny Committee and agreed that the report be referred to the Housing and Health Advisory Committee.

Resolved: That the report be referred to the Housing and Health Advisory Committee.

Reference from Scrutiny Committee held on 5 July 2016 to Cabinet

Relevant minute extract below

11. Report of the Leisure In-Depth Scrutiny Working Group

Councillor Ball presented the report of the Leisure In-Depth Scrutiny Working Group that assessed the value for money provided to the Council by Sencio Community Leisure. The report considered the lease arrangements between the Council and Sencio, the support provided by the Council, the financial position of Sencio and recent investments and improvements made by the leisure provider. The Group had considered the performance of Sencio against leisure providers for other Kent local authorities in the context of value for money for the local authority. The report recommended that Cabinet be asked to review the payment of management and asset maintenance fees to Sencio. It also recommended that Cabinet be asked to consider whether it would be more effective for the Council's Health & Housing Team to undertake the outreach aspect of the Sports Development function, previously transferred to Sencio, while retaining part of the management fee. Members confirmed that they had considered the confidential appendices to the report but that they would not discuss that confidential information.

Jane Parish, Chief Executive of Sencio, addressed the Committee and explained that the loss in 2015/16 had been due partly to the closure of the Wildernesse site, while still incurring staffing costs from the relocation and also due to accounts taking staff leave accrual into consideration. In 2015 Sencio had increased the level of maintenance carried out in areas the Council was responsible for under the lease.

Members discussed the level of fees paid by the Council to Sencio since its establishment in 2004. Members noted that the management fee had decreased while the number of customers had increased. However Sencio had shown a loss in the last financial year and members of the Group suggested that more could be done when compared to other local authority operators.

Members considered the recent investments and improvements made by Sencio, which included the purchase of 12 power-assisted exercise machines at White Oak Leisure, an updated Front of House system which would help increase online bookings, email renewal letters, website links to external partners (bringing commission to Sencio), an upgrade to the finance and payroll system and continued innovation to customers including “Smash Up” badminton and archery taster sessions. They noted that Sencio had made changes to drive up memberships and maximise income while reducing head office and other costs.

Resolved: That

- a) the conclusions of the Working Group that Sencio did not offer value for money to the Council at this time, be noted, while noting the trend of improvement;
- b) **Cabinet be recommended to**
 - i) review the management and asset management fees paid to Sencio; and
 - ii) consider whether the Council could more effectively carry out the outreach element of the Sports Development function while retaining part of the management fee.

and in its consideration Cabinet be advised that it may wish to take account of the further investment that Sencio had been taking forward.

[Background papers: Report and minutes of Scrutiny Committee - 5 July 2016](#)