

## CABINET

### Minutes of the meeting held on 15 December 2020 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. McArthur, Dyball, Maskell and Thornton

Cllrs. Eyre, Grint, Hudson and Purves were also present.

#### 155. Urgent business

In accordance with Section 100B(4) of the Local Government Act 1972, the Chairman had called the meeting as a matter of urgency as the Council had been advised that failure to support Sencio's request for funding could result in severe financial difficulties for the Trust from as early as 31 December 2020, which could impact the delivery of future leisure services provided to residents. Sencio's request was clearly one of considerable urgency and could not have waited until the next meeting of Cabinet.

#### 156. Declarations of interest

There were none.

#### 157. Sencio Community Leisure

The Deputy Chief Executive and Chief Officer for People & Places presented the report which set out a formal request from Sevenoaks Leisure Limited trading as Sencio Community Leisure (Sencio) Board of Trustees for financial assistance to mitigate current financial difficulties related to the impact of the Coronavirus outbreak and subsequent recovery period.

In line with Government guidance, Sencio had temporarily shut its facilities in March 2020, reopening the Golf Club in June and the three leisure centres in August 2020. Sencio had been required to again shut its facilities in November due to a further lockdown and had been further impacted by Kent being placed into Tier 3 restrictions. This has had a significant impact on its ability to achieve any income to support operations, whilst incurring ongoing expenditure costs. Consequently, Sencio had formally requested assistance from the Council to help with the cash flow challenges and implications resulting from recent Covid-19 related closures.

Sencio had requested a grant payment of £300,000, which would cover costs incurred during the recent lockdown and support cash flow forecasts for December 2020, January and February 2021, as a result of the impact of Covid-19 on leisure. Sencio had advised the Council that this would enable the reopening of the three

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leisure centres on 2 January 2021 (the golf club has remained open). If approved by Cabinet, it was recommended that the grant payment is approved and paid in three equal monthly instalments, with the first being released in December 2020, and conditional on Sencio agreeing to support and engage with the proposed consultancy work.

Sencio had sought a further grant payment of £249,000 to support its business recovery plan and proposed business restructure, creating an estimated ongoing annual saving of £430,000. Sencio had confirmed that its business recovery plan and restructure proposals were based on delivering services in the same way they had always been provided to customers. There was no evidence of encouraging innovation, for example, changes in customer service delivery, organisational structures and future resilience. Therefore, it was difficult to make a judgement on whether Sencio's proposed re-organisation was fit for purpose.

Alternatively, Cabinet could choose to allocate up to £30,000 funding to support the Council commissioning an external leisure consultant to review Sencio's business recovery plan, financial resilience and restructure proposal, making recommendations for improvements to ensure the Trust has a fit for purpose leisure operating model, business resilience and future viability. The consultant could be tasked to work equally in partnership with both Sencio, as the operator, and the Council, as the owner of the leisure property assets, with a recommendation report being presented to Cabinet in March 2021 for further consideration.

At this stage, due to the Government restrictions, current tier system and health and safety measures in place as a result of Covid-19, it was difficult to predict from the information provided by Sencio, whether the three-month cash flow funding requested from the Council would sustain the trust past March 2021. This would be dependent on changes in the national restrictions and Sencio's recovery in terms of its operational capacity and income levels, hence the proposal to commission an external consultant. However, the Council would continue to work with Sencio regarding an application to access Government funding of £100 million being administered by Sports England, details of which had been released on the day of the meeting, with Expressions of Interest sought.

Members considered the information provided within the Appendices to the report.

### Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

It was moved by the Chairman and

Resolved: That

- a) the report and appendices outlining a formal request from Sencio's Board of Trustees seeking financial support from the Council, be noted;

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- b) Sencio's request for a grant of £300,000 to support cash flow forecasts for December 2020 - February 2021 as a result of the impact of Covid-19 on leisure, be approved to enable the three leisure centres to reopen and remain open from 2 January 2021 and that the grant payment be paid in three equal monthly instalments, with the first being released in December 2020 and conditional on Sencio ensuring the leisure centres remain open and agreeing to support and engage with the consultancy work identified in (c) below;
- c) Sencio's request for a grant of £249,000 to support their proposed business restructure not be supported and that an expenditure of up to £30,000 be approved for the Council to commission an external leisure consultant to review Sencio's business recovery plan and restructure proposal to help future proof their leisure operating model and organisational structures. The consultant would be tasked to work jointly with Sencio, as the operator, and the Council, as the owner of the leisure property assets, with a recommendation report being presented to Cabinet in March 2021 for consideration; and
- d) any grant to be funded from the General Fund Reserve, with the General Fund Reserve balance then being reinstated by transferring the same amount from the Budget Stabilisation Fund.

### IMPLEMENTATION OF DECISIONS

This notice was published on 16 December 2020. The decision contained in Minute 157 takes effect on 24 December 2020.

THE MEETING WAS CONCLUDED AT 7.38 PM

CHAIRMAN

