

14 January 2021 at 7.00 pm

This meeting will be held virtually via Zoom,
and livestreamed here:

https://www.youtube.com/channel/UCIT1f_F5OfvTzxjZk6Zqn6g

Despatched: 06.01.21

Cabinet

Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Dickins
Cllrs. McArthur, Dyball, Maskell and Thornton

Agenda

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Committee held on 10 December and 15 December 2020, as a correct record.	(Pages 1 - 8)	
2. Declarations of interest Any interests not already registered.		
3. Questions from Members (maximum 15 minutes)		
4. Matters referred from Council, Audit Committee, Scrutiny Committee, CIL Spending Board or Cabinet Advisory Committees		
5. Calculation of Council Tax Base and other tax setting issues	(Pages 9 - 20)	Roy Parsons Tel: 01732 227204
6. Sencio Community Leisure	(Pages 21 - 26)	Sarah Robson Tel: 01732227129



Indicates a Key Decision



indicates a matter to be referred to Council

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

CABINET

Minutes of the meeting held on 10 December 2020 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. McArthur, Dyball, Maskell and Thornton

Cllrs. Carroll, Clayton, Purves and Dr. Canet were also present.

146. Minutes

Resolved: That the Minutes of Cabinet held on 5 November 2020 and 16 November 2020 be agreed and signed as a correct record.

147. Declarations of interest

There were no additional declarations of interest.

148. Questions from Members

A Member asked a question about Active Travel and whether bids for funding had been submitted by the Council. The Chairman replied that whilst we hadn't had a scheme in Tranche 1 we had promoted the Kent County Council Sevenoaks District Cycle Plan to the Highway Authority for schemes to be put forward for funding from Tranche 2.

A Members asked a question about support for Sencio. The Chairman replied that he was disappointed the leisure centres remained closed and that further support for leisure provision in the District would soon be considered by Cabinet.

149. Matters referred from Council, Audit Committee, Scrutiny Committee, CIL Spending Board or Cabinet Advisory Committees

There were none.

150. Treasury Management mid year update

The Finance & Investment Portfolio Holder presented the report which gave details of treasury activity in the first half of the current financial year, recent developments in the financial markets and fulfilled the reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

The Principal Accountant explained that due to the 2021/22 budget setting process being shortened, the Finance and Investment Advisory Committee had not received

the report but that it had been circulated to Members of that Advisory Committee for comments.

Public Sector Equality Duty

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

Resolved: That the Treasury Management Mid-Year Update for 2020/21 be approved.

151. Homelessness out of hours service review

The Housing & Health Portfolio Holder presented the report which provided a review of the pilot undertaken with Centra to provide the Council's homelessness out of hours service and also considered future delivery options for the service.

The Head of Housing and Health explained that the Council was required to deliver a dedicated service to customers facing homelessness outside standard office hours. The report provided Members with options for how the homelessness out-of-hours service was delivered. The Portfolio Holder advised that the Advisory Committee had considered the same report and had recommended Option B as set out at paragraph 29 of the report.

Cabinet thanked the Head of Housing and Health for her work over the years, as she would shortly be leaving the Council.

Public Sector Equality Duty

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

Resolved: That Option B, to enter into a two year contract with Centra to continue delivering the Council's homelessness out-of-hours service, with regular monitoring of the service in place. One Council housing officer providing a back-up contact for Centra and CCTV, to support them with complex questions at a total cost to the Council of £3,689 per annum, be agreed for the future delivery for the Council's homelessness out-of-hour service.

152. New proposed waste collection, transportation & disposal regulations model to reduce incidents of fly tipping

The Cleaner & Greener Portfolio Holder presented the report on a proposed new regulatory model, the 'Sevenoaks Model', which was a new innovative concept which required lobbying for new legislative changes to reduce incidents of fly-tipping, to make it easier for residents to see who was licensed to carry waste and for law enforcement to detect unlicensed carriers.

The Head of Direct Services set out that the report sought support for the idea and working model to be promoted to central Government via officers engaging with

the Department for Environment, Food & Rural Affairs (DEFRA) and the district's Members of Parliament.

He advised that the Cleaner & Greener Advisory Committee had considered the same report.

Public Sector Equality Duty

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

Resolved: That

- a) the principles set out as the 'Sevenoaks Model' in paragraphs 12 to 21 of the report be supported;
- b) the Head of Direct Services be authorised to lobby Government for legislative changes in line with the principles proposed in the 'Sevenoaks Model'.

153. Kent Nature Partnership Biodiversity Strategy

The Cleaner & Greener Portfolio Holder presented the Kent Biodiversity Strategy which set out the contribution the County of Kent, and the Kent Nature Partnership, could make to the Government's ambitions and aspirations set out in its 25 year Environment Plan, "A Green Future".

The Principal Planning Officer (Policy) spoke to the report and advised that the Cleaner & Greener the Advisory Committee had considered it.

Public Sector Equality Duty

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

Resolved: That the Kent Nature Partnership Biodiversity Strategy, be endorsed.

154. Net Zero 2030 and Kent Energy and Low Emission Strategy

The Chairman presented the report which recommended endorsement of the Kent and Medway Energy and Low Emissions Strategy (ELES), which would help the Council fulfil one of its stage 1 actions of its commitment to Net Zero 2030.

The Principal Planning Officer (Policy) advised that the Cleaner & Greener Advisory Committee had considered it.

Public Sector Equality Duty

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

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Cabinet - 10 December 2020

Resolved: That the Kent and Medway Energy and Low Emissions Strategy, be endorsed.

IMPLEMENTATION OF DECISIONS

This notice was published on 11 December 2020. The decisions contained in Minutes take effect immediately. The decision contained in Minutes 153 and 154 take effect on 21 December 2020.

THE MEETING WAS CONCLUDED AT 7.50 PM

CHAIRMAN

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

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;

Cabinet - 15 December 2020

- 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

CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Cabinet - 14 January 2021

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Decision

Also considered by: Council - 23 February 2021

Key Decision: No

Executive Summary: This report sets out details of the calculation of the District's tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council's budget requirement is known. The report also advises Members of the timetable for setting the 2021/22 council tax.

This reports support the Key Aim of: efficient management of the Council's resources.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Roy Parsons, Ext. 7204

Recommendation to Cabinet:

That it be recommended to Council that:

- (a) the report of the Deputy Chief Executive and Chief Officer - Finance & Trading for the calculation of the Council's tax base for the year 2021/22 be approved;
- (b) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2021/22 shall be 50,876.85;
- (c) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2021/22 for the calculation of local precepts shall be:

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<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,426.35
Badgers Mount	328.16
Brasted	775.49
Chevening	1,445.79
Chiddingstone	602.21
Cowden	442.50
Crockenhill	654.75
Dunton Green	1,329.09
Edenbridge	3,730.15
Eynsford	944.94
Farningham	661.54
Fawkham	289.59
Halstead	767.03
Hartley	2,532.03
Hever	618.74
Hextable	1,677.33
Horton Kirby & South Darent	1,276.35
Kemsing	1,825.81
Knockholt	633.11
Leigh	945.82
Otford	1,723.77
Penshurst	826.26
Riverhead	1,246.83
Seal	1,298.29
Sevenoaks Town	9,648.91
Sevenoaks Weald	611.46
Shoreham	686.73
Sundridge	928.01
Swanley	5,640.98
Westerham	2,037.57
West Kingsdown	2,321.26

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

Recommendation to Council: That the various calculations detailed above be approved.

Reason for recommendation: As part of the tax setting process for 2021/22, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

Introduction and Background

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax. The amounts payable in the other bands are expressed as a proportion of the band D figure and these are shown in Appendix A.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Ministry of Housing Communities & Local Government (MHCLG). This is based on the valuation list as at 14 September 2020 and occupancy information at 5 October 2020. The tax base for tax setting purposes is based on information available in December 2020. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2021/22. These factors include:-
 - An allowance for changes in the amount of disabled relief
 - An allowance for changes in the number of exempt properties
 - An estimate of the number of new properties liable to council tax
 - An estimate of the number of properties ceasing to be liable to council tax
 - An allowance for changes in the number of single person discounts
 - An allowance for changes in the level of Council Tax Reduction Scheme payments
 - An allowance for the effect of appeals by taxpayers on the banding of their properties

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- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, due to the effect of the COVID-19 pandemic, there has been a significant increase in the amount of Council Tax Reduction Scheme payments to individual taxpayers and this is expected to continue into 2021/22. It is also prudent to reconsider the level of the non-collection allowance and this is addressed in the following paragraphs.

Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 99.4% collection rate, which also allows for some movement in the items mentioned in Paragraphs 4 & 5. Having assessed previous years' collection rates plus the likely effect of the COVID-19 pandemic on current and forthcoming financial years' collection rates, it is considered wise to reduce the assumed collection rate to 98.4% for 2021/22.
- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2020 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2020/21 appear in column 5.

<u>(1)</u> <u>Parish</u>	<u>(2)</u> <u>Band D</u> <u>Equivalents</u>	<u>(3)</u> <u>Collection</u> <u>Rate</u> <u>Multipliers</u>	<u>(4)</u> <u>Tax base</u> <u>2021/22</u>	<u>(5)</u> <u>Tax base</u> <u>2020/21</u>
Ash-cum-Ridley	2,465.80	0.984	2,426.35	2,459.75
Badgers Mount	333.50	0.984	328.16	334.98
Brasted	788.10	0.984	775.49	778.10
Chevening	1,469.30	0.984	1,445.79	1,456.01
Chiddingstone	612.00	0.984	602.21	604.75
Cowden	449.70	0.984	442.50	449.88
Crockenhill	665.40	0.984	654.75	659.12
Dunton Green	1,350.70	0.984	1,329.09	1,321.92
Edenbridge	3,790.80	0.984	3,730.15	3,697.28
Eynsford	960.30	0.984	944.94	948.87
Farningham	672.30	0.984	661.54	666.28
Fawkham	294.30	0.984	289.59	292.04
Halstead	779.50	0.984	767.03	778.40

Hartley	2,573.20	0.984	2,532.03	2,556.57
Hever	628.80	0.984	618.74	620.75
Hextable	1,704.60	0.984	1,677.33	1,698.15
Horton Kirby & South Darent	1,297.10	0.984	1,276.35	1,302.24
Kemsing	1,855.50	0.984	1,825.81	1,853.31
Knockholt	643.40	0.984	633.11	634.27
Leigh	961.20	0.984	945.82	961.50
Otford	1,751.80	0.984	1,723.77	1,720.71
Penshurst	839.70	0.984	826.26	837.74
Riverhead	1,267.10	0.984	1,246.83	1,247.77
Seal	1,319.40	0.984	1,298.29	1,303.53
Sevenoaks Town	9,805.80	0.984	9,648.91	9,690.61
Sevenoaks Weald	621.40	0.984	611.46	617.77
Shoreham	697.90	0.984	686.73	683.97
Sundridge	943.10	0.984	928.01	937.54
Swanley	5,732.70	0.984	5,640.98	5,663.91
Westerham	2,070.70	0.984	2,037.57	2,066.03
West Kingsdown	2,359.00	0.984	2,321.26	2,364.13
TOTALS	51,704.10		50,876.85	51,207.88

- 8 It should be noted that the overall tax base for the District will fall from 51,207.88 for 2020/21 to 50,876.85 for 2021/22. With a few exceptions, reductions are also seen in the Town & Parish tax bases. This will mean that either band D taxes will be higher than they would otherwise have been, or precepts will have to be reduced to achieve the desired band D council tax.
- 9 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

Timetable for Setting the Tax

- 10 The County Council, Police & Crime Commissioner and Fire and Rescue Service have advised me of their budget meeting dates for 2021/22:
- County Council - 11 February 2021
 - Police & Crime Commissioner - 4 February 2021

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- Fire & Rescue Service - 23 February 2021 (to be confirmed)
- 11 The council tax for the Sevenoaks area cannot be set before the County, Police and Fire precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in Appendix B.
 - 12 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2021 or the first working day after this, for the year ending 31 March 2021.
 - 13 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2021/22.
 - 14 As a result of the COVID-19 pandemic, the rules have changed regarding recovery of an estimated deficit on the collection fund in relation to the year 2020/21. In simple terms, rather than the full amount of an estimated deficit being taken into account by the billing and precepting authorities in the year ending 31 March 2022, it will be spread equally over the coming three financial years. This has been designed to reduce the effect on an authority's General Fund. The rules do not apply to an estimated surplus, the full amount of which will be taken into account by the billing and precepting authorities in the year ending 31 March 2022.
 - 15 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2020/21. Payment is to be made during 2021/22 on the same dates as precept payments.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement

Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from the billing and major precepting authorities in the following year.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2021/22 council tax.

Appendices

Appendix A - Council tax valuation bands

Appendix B - Key dates in the council tax setting process

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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COUNCIL TAX VALUATION BANDS

To calculate the relative value of dwellings for council tax purposes each dwelling is placed on a valuation list in one of eight bands ranging from A to H. Within a local area, the amount of council tax payable will vary between the different bands according to proportions laid down by law. The bands are based on property values as at April 1991.

Band	Value	Proportion
A*	Up to £40,000	5/9
A	Up to £40,000	6/9
B	Over £40,000 and up to £52,000	7/9
C	Over £52,000 and up to £68,000	8/9
D	Over £68,000 and up to £88,000	9/9
E	Over £88,000 and up to £120,000	11/9
F	Over £120,000 and up to £160,000	13/9
G	Over £160,000 and up to £320,000	15/9
H	Over £320,000	18/9

Band A* is applicable to recipients of a Disabled Persons Reduction who would otherwise be in Band A.

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KEY DATES IN THE COUNCIL TAX SETTING PROCESS

- | | | |
|-------|---|---|
| i) | By 10 October 2020 | Notify tax base for grant settlement purposes to the Ministry of Housing Communities & Local Government (MHCLG) |
| ii) | During December 2020 | MHCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2021/22 |
| iii) | By 31 December 2020 | Issue proposed schedule of payment dates to precepting authorities |
| iv) | By 31 January 2021 | Agree actual schedule of precept payment dates |
| v) | Between 1 December 2020 and 31 January 2021 | Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner |
| vi) | On 15 January 2021 | Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police (where applicable) |
| vii) | By 22 January 2021 | Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2021/22 (where applicable) |
| viii) | During January and February 2021 | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request |
| ix) | During February 2021 | MHCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR |
| x) | By 1 March 2021 | KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts |
| xi) | By 11 March 2021 | District sets council tax for 2021/22, taking account of its own budget requirement and those of the precepting authorities. |

SENCIO COMMUNITY LEISURE

Cabinet - 14 January 2021

Report of: Sarah Robson, Deputy Chief Executive, Chief Officer, People and Places

Status: For decision

Key Decision: Yes

Executive Summary: The report proposes an update to the Cabinet decision made on 15 December 2020 relating to the formal request from Sevenoaks Leisure Limited t/a 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.

This reports support the Key Aim of related elements of the District Council's Community Plan.

Portfolio Holder: Cllr. Lesley Dyball

Contact Officer: Sarah Robson, Ext. 7129

Recommendation to Cabinet:

- (a) To receive and note the report.
- (b) To approve for the Cabinet decision (15 December 2020) to be updated to reflect England being placed into a national lockdown.
- (c) To approve for the final two grant payments of £100,000 to Sencio to be reduced to £75,000 per month, paid in January and February 2021, which will cover the monthly expenditure incurred by Sencio during the enforced closure and ensure the Council's buildings are maintained and essential monitoring checks, payments to utilities and suppliers and associated staffing costs are covered. If Kent moves into a lower tier enabling the immediate reopening of leisure centres, the grant payment will be reinstated to the original monthly grant allocation of £100,000 for the remaining period.
- (d) To approve for the revised decision (see c above) to remain conditional on Sencio reopening its leisure centres as soon as is permitted in line with Government guidance and engaging in and supporting the consultancy work to be presented to Cabinet in March 2021
- (e) Any grant will be funded from the General Fund Reserve. The General Fund Reserve balance will then be reinstated by transferring the same amount from the Budget Stabilisation Fund.

Reason for recommendation: UK Government moved Kent into Tier 4 restrictions on 20 December 2020, remaining in this tier following a review on 30 December 2020. On 4 January 2021, England was placed into a national lockdown, resulting in the enforced closure of leisure centres and golf courses and therefore impacts the Cabinet decision made in December 2020. It is proposed that the Cabinet decision is updated to reflect current restrictions.

Introduction and Background

- 1 Sevenoaks District Council (the Council) owns three leisure facilities and a golf course, operated and maintained under lease agreements with Sevenoaks Leisure Limited (SLL) (operating as Sencio Community Leisure). These facilities are:
 - Edenbridge Leisure Centre
 - Sevenoaks Leisure Centre
 - White Oak Leisure Centre
 - Lullingstone Park Golf Course
- 2 Sencio is a society under the Co-operative and Community Benefit and Societies Act 2014, registered with the Inland Revenue for exempt charitable status. The organisation has been set up to benefit the community as a not-for-profit organisation.
- 3 The three national lockdowns introduced by HM Government in the UK in March 2020 and again in November 2020, to tackle the spread of Covid-19, enforced a mass closure of leisure facilities across the country. This has placed leisure operators under the threat of insolvency as income streams effectively ceased, whilst continuing to incur essential costs relating to the maintenance of the facilities during closure, ongoing supplier and utility costs, furlough salary top-ups and essential staffing.
- 4 Sencio's Board of Trustees agreed at its meeting on 25 November 2020, for the three leisure centres in the district to remain closed from 2 December 2020 due to the membership arrangements and financial viability in reopening due to December being a challenging month for leisure income in 'normal' years. The golf course did reopen.
- 5 The Board also approved to formally approach the Council for urgent financial support. Sencio notified the Council that it found itself in a position that without urgent financial support it would be unable to continue to trade from as early as 31 December 2020 and would be forced to cease operating the leisure centres and golf course.
- 6 Sencio's Board of Trustees remains keen to avoid any continued closure, as from their customer feedback, it is evident how important the leisure centres are for the health and wellbeing of the district's local communities and the impact the closures have had on their mental health.

- 7 At its meeting on 15 December 2020, Cabinet considered and approved Sencio's request for a grant of £300,000 as a result of the impact of Covid-19 on leisure, which would enable the three leisure centres to reopen on 2 January 2021. Cabinet approved for the grant payment to be paid in three equal monthly instalments, with the first being released in December 2020 and conditional on Sencio agreeing to reopen its leisure centres on 2 January 2021 and support and engage with the proposed consultancy work. Cabinet approved a further £30,000 to support the appointment of a consultant to review Sencio's business recovery plan and restructure proposal to help future proof their leisure operating model and organisational structures. Since the Cabinet decision, the Council has duly made its first grant payment of £100,000 to Sencio.
- 8 However, the UK Government announced that London, the South East and East of England would move into new Tier 4 COVID-19 restrictions from Sunday 20 December 2020, which would see the enforced closure of all leisure centres. Government reviewed the arrangements on 30 December 2020, with Kent remaining in Tier 4.
- 9 Unfortunately, Government announced on 4 January 2021 that England would be placed into a national lockdown, which has resulted in the district's leisure centres remaining closed and also forcing the golf course to close its doors to customers.

Amendment to Cabinet decision

- 10 Following Government's decision on 30 December 2020 for Kent to remain in Tier 4, Sencio was unable to reopen the Council's leisure centres on 2 January 2021 as planned.
- 11 Leisure has been further impacted by Government's announcement to place England into a national lockdown. As a result, the district's leisure centres remain closed and Sencio has been forced to close the golf course at Lullingstone Park.
- 12 As a result of the continued closure of leisure centres, this will impact the Cabinet decision made in December 2020 and it is therefore proposed that the Cabinet approval is updated to reflect the continued enforced closure due to the national lockdown.
- 13 The following amendment to the Cabinet decision is proposed as follows:
- 14 If England remains in lockdown, the final two grant payments of £100,000 to Sencio are reduced to £75,000 per month, paid in January and February 2021, which will cover the monthly expenditure incurred by Sencio during the enforced closure and ensure the Council's buildings are maintained and essential monitoring checks, payments to utilities and suppliers and associated staffing costs are covered. If Kent moves into a lower tier in January or February, which enables the immediate reopening of leisure

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centres, the grant payment will be reinstated to the original monthly grant allocation of £100,000 for the remaining period.

- 15 Cabinet's revised decision would remain conditional on Sencio reopening its leisure centres in line with Government guidance and engaging in and supporting the consultancy work to be presented to Cabinet in March 2021.
- 16 It is nationally recognised that the leisure industry is facing an absolute crisis and it is anticipated that many leisure providers will fail. It should be noted that due to the current tier system restrictions and health and safety measures in place as a result of Covid-19, it is difficult to predict if the cash flow funding requested by Sencio will sustain the trust's recovery past March 2021. This will be dependent on changes in the national restrictions and Sencio's recovery in terms of its operational capacity and income levels. However, the Council is working with Sencio to submit a joint application to Government's National Leisure Recovery Fund (a notional amount of £220,000 has been allocated by Government to Sevenoaks District Council) to support lost income incurred by Sencio between 1 December 2020 and 31 March 2021. A final decision on the application is expected in late February 2021.

Key Implications

Financial

To date, the District Council has paid the Management Fee of £26,950 to Sencio for the whole year up front. It has also delayed £88,000 of loan repayments due between April 2020 to March 2021.

At its meeting on 15 December 2020, Cabinet approved a grant to Sencio to support the impact of Covid-19 on leisure. A grant is a sum of money awarded to a business that requires no repayment. Grants are generally awarded for a specific purpose, in this case £300,000 towards day to day operating costs. The first payment of £100,000 was paid in December 2020. However, if the remaining payments are reduced as proposed, this would amount to £150,000 (or £75,000 per month), reducing the overall grant to Sencio to £250,000.

The grant will be funded from the General Fund Reserve. It would then be necessary to reinstate the General Fund Reserve to the recommended level of 10% of the net service expenditure budget. This amount would be transferred from the Budget Stabilisation Reserve. The remaining amount in the Budget Stabilisation Reserve would still be adequate to fund the agreed 10-year budget.

It is therefore advised that in making further financial assistance to Sencio that the Council should be prepared to burden the costs in full, should the Leisure Trust become unable to return to profitability as a result of future restrictions incurred as a result of Covid-19 regulations.

Legal Implications and Risk Assessment Statement

Sencio Community Leisure operate three leisure centres and a golf course across the District on a 25 year lease, with Sevenoaks District Council as Landlord. There are requirements under the lease for the Council to pay a management fee each year and for Sencio to meet service and performance targets in respect of their management of the centres. From 2022, Sencio will cease to become the operator of one of those leisure centres.

Covid-19 has had a profound effect on the leisure industry and there is a high risk to the ongoing operation of many leisure trusts, including Sencio, across the country.

This report relates to Cabinet decision responding to the request to provide financial assistance to Sencio, based on their immediate need to meet costs resulting from the pandemic. The financial risks associated with this decision are set out in financial implications above.

Until 31 December 2020 the State Aid rules permit direct grants, selective tax advantages and advance payments up to EUR 800,000 to address urgent liquidity needs arising from the coronavirus outbreak. This permitted aid is additional to that permitted under the *De Minimis* provisions. Sencio must confirm that they have not received other State Aid which would take them above that limit.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusion

Following Government's decision on 30 December 2020 for Kent to remain in Tier 4, Sencio was unable to reopen the Council's leisure centres on 2 January 2021 as planned. Leisure has been further impacted by Government's announcement to place England into a national lockdown.

As a result of the continued closure of leisure centres, this will impact the Cabinet decision made on 15 December 2020 and it is therefore proposed that the Cabinet approval is updated to reflect the continued enforced closure due to current restrictions. The recommendations made to Cabinet in the report reflect these changes.

At this stage, due to the Government lockdown restrictions and health and safety measures in place as a result of Covid-19, it is difficult to predict from the information provided by Sencio, whether the grant funding requested from the Council will sustain the trust past March 2021. This will be dependent on changes in the national restrictions and Sencio's recovery in terms of its operational capacity and income levels. However, the Council will continue to work with Sencio regarding the submission of a grant application to the National Leisure Recovery Fund.

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Appendices

None.

Background Papers

None.

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