

## Background Information for Emergency Expenditure Request

Emergency: Sencio Community Leisure - outstanding utility payment  
Subject: Sencio Community Leisure - request for grant funding  
Date: 24 July 2020  
Chief Officer: Sarah Robson

### Council Constitution

#### Appendix D - Financial Procedure Rules

#### 2d. Emergency Expenditure

##### Why is this important?

The Council needs to have in place a procedure for meeting immediate needs in the case of an emergency situation arising in the District.

##### General

**2.32** The Chief Executive and s.151 Officer/Chief Finance Officer shall have the authority to approve expenditure on any item which is essential to meet any immediate needs created by an emergency or which is referable to Section 138 of the Local Government Act 1972, subject to a subsequent report to Cabinet and/or Full Council depending on whether or not the expenditure can be met from within the current budget framework.

**2.33** The Chairman or Vice-Chairman of the Council together with the Leader or Deputy Leader of Council, having received a report from the Chief Executive and the Chief Executive and s.151 Officer/Chief Finance Officer, shall have power to incur expenditure which is essential to meet any immediate needs created by an emergency or which is referable to Section 138 of the Local Government Act 1972 (or other subsequent legislation) which is not otherwise authorised or where it is necessary in the Council's interest to settle legal proceedings which have been commenced against the Council. A subsequent report shall be submitted to Cabinet and/or the full Council depending on whether or not the expenditure can be met from within the current budget framework.

### Detail

Sencio Community Leisure is a community benefit society set up in 2003 to run three leisure centres and a golf course on behalf of Sevenoaks District Council.

On 20 March 2020, the Government ordered all gyms and leisure centres across the UK to close due to the spread of COVID-19, leaving companies such as Sencio Community Leisure with significant ongoing costs, but no income.

Leisure providers have been exempt from COVID-19 emergency support funding, including Sport England's emergency response fund, the Government's £750 million for frontline charities and the retail, hospitality and leisure grants.

On 20 July 2020, Sencio Community Leisure formally approached the Council to advise that they had been served 7 working days notice to pay an outstanding electricity debt (£35,000), accumulated during the enforced closure. If unpaid within the given timeframe, the power supply to the three leisure centres operated by Sencio on behalf of the Council, will be disconnected at the end of the 7 day period.

Therefore, Sencio has formally requested for urgent financial assistance from the Council, asking for a grant of £35,000 to cover the outstanding payment and enable the reopening of the centres and welcome customers back through the doors.

If financial support is not granted, the consequences are:

- Sencio unable to re-open the leisure centres on 3 August 2020, as per its Recovery Plan.
- Significant financial liabilities to the Council if Sencio is unable to reopen the centres.
- Significant property maintenance costs incurred by the Council for the building fabric and plant, including the swimming pools, located within the three centres.
- Reputational risk to the Council if local people are unable to return to their local leisure provision.

Leisure and sport will be critical to improving the health of people from all ages and backgrounds as we emerge from this crisis. As destinations in themselves, the leisure centres will also draw people in to town centres creating community spaces and support for local businesses.

### **Financial Impact**

The Chief Officer - People and Places is requesting emergency grant funding of £35,000 to be made available from existing Council budgets to Sencio Community Leisure.

It should be noted that UK Active and Sport England have submitted an application to Government for a financial package of support for local authority leisure. A Government decision is expected imminently. Therefore, there could be the potential to deduct £35,000 from any forthcoming funding, which would make the impact cost neutral.

Requesting Chief Officer: Sarah Robson, Chief Officer, People and Places.

Approval

Chief Executive:



Chief Officer - Finance and Trading:

