

**BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK**

**CABINET SCRUTINY COMMITTEE**

**Minutes of a Meeting of the Cabinet Scrutiny Committee  
held on Monday 22 February 2010 at 6.00pm  
in the Committee Suite, King's Court, Chapel Street, King's Lynn.**

**PRESENT:**

Councillors I Gourlay (Chairman)(left the meeting at 6.35pm),  
I Mack (Vice-Chairman),  
Mrs A Clery-Fox (substitute for P Burall), C Crofts,  
D Pope, J M Tilbury and A Tyler

Other Members Present:

Councillor N Daubney, Leader

Councillor Mrs E Nockolds, Portfolio Holder for Sports, Arts and Open Spaces

Apologies for absence were received from Councillors P Burall, R Payn and C Sampson

**CSC56: MINUTES**

The minutes of the meeting held on 25 January 2010 were agreed as a correct record and signed by the Chairman.

**CSC57: URGENT BUSINESS UNDER STANDING ORDER 7**

There was none.

**CSC58: DECLARATIONS OF INTEREST**

Councillor Gourlay declared a prejudicial interest in Culture and Sports Service Review, as his wife was a casual steward at the Corn Exchange. He withdrew from the meeting before this item was discussed.

**CSC59: MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There was none.

**CSC60: CHAIRMAN'S CORRESPONDENCE**

There was none.

**CSC61: RESPONSE TO PREVIOUS COMMITTEE RECOMMENDATIONS**

The Committee noted the response made by Cabinet at its meeting on 9 February 2010, to the Committee's recommendation made on 18 November 2009 in respect of the Local Development Framework – Core Strategy – Publication: Pre Submission Consultation.

The Committee also noted the response made by Council at its meeting on 28 January 2010, to the Committee's recommendation made on 25 January 2010 in respect of Asset Management – Lynnsport Feasibility Study.

CSC61: **MATTERS CALLED-IN PURSUANT TO STANDING ORDER 12**

There was none.

CSC62: **FINANCIAL PLAN 2009/2013**

The Chairman reminded the Committee that the Financial Plan had been scrutinised by the Policy Review and Development Panels. However, this was a large subject and he invited Members to concentrate on those areas which had not been discussed by the Panels.

With regard to special expenses, the Chairman sought clarification of the reason why the running costs for the NORA offices was now included, when this was a Council-wide project.

The Deputy Chief Executive explained that from 1 April 2010 Council staff would no longer be located in these premises and it would become a community centre. The figure which had been included in the budget was the estimated cost of running the centre, based on current experience of other centres. He highlighted that if ways could be found to increase the income of the centre, through additional letting for example, then the costs would be reduced. He also advised that if the running costs came in below estimate, then the balance would be carried forward into the following year. He reminded Members that the use of this building by the community was a temporary arrangement which would eventually be replaced when the new community facility was provided as part of the regeneration scheme.

The Vice-Chairman stated that by including this in special expenses it placed a levy on the whole of King's Lynn and not just the South Lynn residents. He asked whether it would be better to hand the facility over to community ownership with responsibility for the running of the centre, possibly through a similar mechanism to a leisure trust. He considered that, in general, local communities should be given the opportunity to be responsible for the running of their own facilities.

In response the Deputy Chief Executive stated that experience on the running of community centres showed that such arrangements were not usually successful and the running of the facilities was eventually returned to the Council. He added that most village halls, which were run locally, drew funds from the parish precept.

The Leader commented that while the theory was good, there were practical difficulties. He emphasised that this was a sensible way forward, which had been agreed with the community and addressed the immediate requirement for a community centre.

The Chief Executive added that eventually the existing primary school would become the community centre and the Improving Neighbourhoods Team would be working with the community to help them develop and operate the facility. He stated that the reality was that unless communities were supported by the Council, they could get into difficulties in the future.

Councillor Crofts stated that from his experience of the villages in his ward, some did not want to take on the extra responsibility, so it may not be an option in many cases.

Councillor Tilbury highlighted that as the decision had been made not to establish a Town Council for King's Lynn, it did not have the infrastructure similar to villages, involving local people who were willing to take on those responsibilities.

The Chairman commented that the marketing of community centres was an important issue which should be examined.

The Chairman sought clarification of what appeared to be a very high charge for grounds maintenance for King's Lynn, which was included in special expenses and for which there was no breakdown.

The Deputy Chief Executive advised that King's Lynn was a large area with many areas which were maintained by the Council. A schedule was available of all these areas, which he was willing to share with Members. He advised that as part of the review of special expenses, a number of areas, which were considered to be corporate assets eg Tower Gardens, had been removed. In response to a further question, it was confirmed that costs were based on hourly rates for the grounds maintenance operatives and there was no profit element included.

The Vice-Chairman asked why, at a time when inflation was running at higher levels, general inflation levels had been assumed at 0% for the life of the Plan?

The Deputy Chief Executive advised that in September, the Consumer Price Index inflation rate was 1.1%, which had been used as a guideline for setting fees and charges. Where firm predictions for increases were known, for example utilities or contracts, then these had been included in the calculations. However, in an attempt to hold costs below inflation, if possible, no increase had been allowed for inflation for general expenses. Service Managers had been told they must manage their budgets based on 0% increase and continue to look for potential savings to help meet the budget shortfall.

With regard to general fund balances, the Vice-Chairman asked whether the budget was considered to be robust enough, considering the projected outturn and other risk factors, and whether a contingency of £250,000 would be sufficient in the future, given the size of some of the challenges the Council was facing. He also pointed out that the General

Fund was lower this year and couldn't stretch to the same level of subsidy as the previous year.

The Deputy Chief Executive advised that he had no concerns about the budget for 2010/2011, however there were elements of risk in 2011/2012 and 2012/2013. Based on previous experience, he believed that the level of balances would be higher than expected at the end of the financial year. With regard to the future, he highlighted that service reviews generally brought about changes to the establishment and already savings of £750,000 had been achieved. He advised that the rules on pension payments were expected to change, which would help in instances like the establishment of a trust company, and he was fairly comfortable that upfront costs could be covered. He emphasised that a major concern was the future level of the Government grant.

Councillor Crofts made reference to the Internal Drainage Board (IDB) levies and commented that he believed that the pressure which had been put on King's Lynn IDB by the Council had resulted in a minimal increase in the levy. He asked whether a similar approach would be made to other IDBs.

The Deputy Chief Executive stated that he believed that the response from the IDB was not just as a result of the Council's letter, but had also been due to Member pressure. It was acknowledged that Member representation on King's Lynn IDB was higher than on other boards. It was considered that a similar approach to other IDBs was worth trying.

Reference was made to the level of subsidies applied to leisure and arts venues. The Vice-Chairman asked why the decision was taken not to reduce the level of subsidy. He also asked how robust the model was which was used for the financial planning for leisure facilities and swimming pools.

The Deputy Chief Executive advised that a lot of analysis had been undertaken before the decision was taken to introduce free swimming. However, as it was estimated that there would be little change in the coming year a crude calculation of a 1% increase in income had been used.

The Portfolio Holder for Sport, Arts and Open Spaces added that our facilities were benchmarked with similar facilities across the country and the Council's charges compared favourably, being in the mid-range.

With regard to the level of subsidies, it was explained that the impact of the Culture of Sports Service review had not yet impacted on the Financial Plan. Along with other services which had been subject to review, including ICT, Revenues and Benefits, a good start had been made for the 2011/2012 Financial Plan.

Councillor Pope commented that a good source of income would be to consider charging for the use of public toilets, as many other authorities

did. The Chief Executive responded that this would be a political decision.

**Councillor Gourlay left the meeting at 6.35pm. The Vice-Chairman took the chair for the remainder of the meeting.**

CSC63: **APPOINTMENT OF VICE-CHAIRMAN FOR THE REMAINDER OF THE MEETING**

**RESOLVED:** That Councillor Tyler be appointed Vice-Chairman for the remainder of the meeting.

CSC64: **CULTURE AND SPORTS SERVICE REVIEW**

The Committee was reminded that the Community and Culture Panel had scrutinised this Cabinet report. Their discussion had focussed on the future management arrangements for the Guildhall Theatre, located at the Arts Centre, and the Princess Theatre in Hunstanton, and did not look at the leisure trust issue.

Councillor Tyler asked what evidence there was of how effective leisure trusts had been in other areas and whether there were any measures which could be put in place to control any future leisure trust, financially and in terms of policy.

The Chief Executive explained that evidence showed that there had been more successes than failures. Where a trust had been set up hurriedly or for purely financial reasons ie to save on business rates, then it would be more likely to fail. He emphasised that it was important to ensure that the business case stacked up, the appropriate skills were available to run the trust and suitably qualified trustees could be recruited. Any decision would be subject to the business case being made and whether it was the right decision for West Norfolk. He stated that the reality was that the Council would have less control, but terms and conditions of operation could be included within the trust agreement. This was a cultural shift which Members would need to consider. There would also be less financial control, but the Council could still influence the range of facilities and sports development offered, through subsidy and contract arrangements with the leisure trust. In response to a further question, the Chief Executive advised that aims and objectives relating to wider community benefits could be built into the agreement. He emphasised that it was the ultimate responsibility of the trustees to ensure the continued viability of the business.

Councillor Mack made reference to the Audit Commission document "Public Sports and Recreation Services" and asked how much attention had been paid to this document and following the stages listed.

In response, the Chief Executive stated that this particular document had not been used, but officers would be working through the stages. He reported that this was the start of the process and, so far, the principle of

a leisure trust had been established and which services could be included. He advised it was expected to take about 9 months to work through the process, during which time the Cabinet Service Review Team, which involved Members, would continue to meet.

Councillor Mack sought reassurance that in pursuing this option, it would not rule out consideration of other methods of service delivery. He commented that, in his view, the first step should be to agree a strategy to inform the process.

The Chief Executive reassured Members that nothing had been ruled out and advised that some of the evaluation work had already been undertaken, which had led to the decisions in respect of the Princess Theatre and Guildhall Theatre. He explained that the work to progress these elements would proceed in tandem with the leisure trust process, but there was a lot more work to be done. It would be necessary to ensure that any leisure trust was 'State aid' compliant.

Councillor Tilbury commented that arts, culture and entertainment did not sit comfortably with sport, and sought clarification of whether there would be more than one trust.

In response, the Chief Executive advised that from the evaluation already undertaken, it was considered that there was a strong case for bringing the services together. However, as the business case was worked through, a different conclusion may be reached. The Deputy Chief Executive added that the visit to Stevenage Borough Council, which operated a successful combined trust, had been very helpful and informative.

In response to concerns raised about the ability to attract the quality of management staff required to ensure a successful trust, the Chief Executive stated that there were good people already working within the services with excellent transferrable skills, as well as a good external pool of potential candidates and the Council had a good recruitment process in place. He emphasised that it was also important to appoint the right people as trustees to ensure that a strong board was established.

Councillor Mrs Clery-Fox commented that she considered it was important to have trustees who represented all the elements of the trust.

Clarification was sought of the benefits which a leisure trust could enjoy in relation to VAT. It was explained that as a charitable trust, it would not be required to pay VAT to the Government on income, so if charges were maintained at the same level as those charged by the Council, the element of VAT could be retained by the leisure trust. However, the trust would also not be able to reclaim some VAT paid, so it would be necessary to consider the net gain. The VAT implications for the Council would also need to be considered.

Councillor Mack commented that the recommendations appeared to be very narrow and did not reflect the reassurances which had been given.

In response to a question, the Leader clarified that the recommendation was that the establishment of a leisure trust be agreed in principle, subject to further work being undertaken and a business case being made. This related to delivery of all the Council's leisure services with the exception of Princess Theatre, which would be subject to a tender exercise.

A query was raised with regard to the 'hall for hire' model, which was proposed for the Guildhall Theatre, and whether this would be able to accommodate a group wishing to make a block booking, for example every weekend for 3 years. In response, the Chief Executive advised that it would be necessary to honour existing bookings made by local groups. He stated that he was uncertain whether a large block booking would be accepted, but that all proposals would be considered.

In response to a question about the ongoing issue of disabled access at the Guildhall, the Chief Executive advised that a temporary solution was currently in place. In the long term, this issue would be considered as part of the on-going historic buildings review.

Councillor Tyler made reference to the projects currently run by the Arts Centre to assist young people with training, and asked whether a leisure trust would be required to continue this arrangement. The Chief Executive confirmed that this would still be an option for the future.

Councillor Mack thanked the Leader and officers for their detailed responses to the concerns which had been raised and the reassurances which had been given.

CSC65: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

The list of Portfolio Holders' Decisions made under Delegated Powers was noted.

CSC66: **DATE OF NEXT MEETING**

The Committee noted the date of the next meeting was scheduled to be held on **Wednesday 24 March 2010** at 6.00pm.

**Meeting closed at 7.17pm**