

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

CABINET SCRUTINY COMMITTEE

**Minutes of a Meeting of the Cabinet Scrutiny Committee
held on Monday 17th December 2012 at 6pm
in the Committee Suite, King's Court, Chapel Street, King's Lynn.**

PRESENT:

Councillors C Joyce (Chairman)
B Ayres, J Collop, A Lovett, I Mack (Vice Chairman), T Manley,
A Tyler and D Tyler (substitute for G Sandell)

Other Member Present:

Councillor Beales – Portfolio Holder for Regeneration

Apologies for absence were received from Councillors G Sandell and M Tilbury

CSC70: MINUTES

The minutes of the meeting held on 8th November 2012 were agreed as a correct record and signed by the Chairman.

CSC71: URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business to report.

CSC72: DECLARATIONS OF INTEREST

There were no declarations of interest.

CSC73: MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

There were no Members present under Standing Order 34.

CSC74: CHAIRMAN'S CORRESPONDENCE

The Chairman had no correspondence to report.

CSC75 RESPONSE TO PREVIOUS COMMITTEE RECOMMENDATIONS

The Committee noted the response made by Full Council at its meeting held on 29th November 2012 to the recommendation made by the Cabinet Scrutiny Committee at its meeting held on 8th November 2012, in respect of the following:

Black Sack Waste Recycling Contract

RESOLVED: That the recommendation be noted.

CSC76: **MATTERS CALLED-IN PURSUANT TO STANDING ORDER 12**

There were no matters called-in pursuant to Standing Order 12.

CSC77: **EXCLUSION OF THE PRESS AND PUBLIC**

“That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1 and 3 of Part 1 of Schedule 12A to the Act”.

CSC78: **KING’S LYNN ENTERPRISE AND INNOVATION CENTRE (KLIC)**

Councillor J Collop questioned whether consideration had been given to entering into a partnership agreement with any other party other than Norfolk and Waveney Enterprise Services (NWES). In response, Councillor Beales explained that NWES were already proposed when he became involved in the project, however they had a proven track record in building Enterprise Centres.

Councillor Lovett referred to Section 5.2 of the report and expressed concern that the proposal would mean that the Council would not now have an ownership stake in the building as had originally been envisaged and also referred to the potential operational losses that were likely to be incurred in the early stages of the operation of the centre. Councillor Beales explained that although this was the case in terms of ownership, the Council would no longer be responsible for 50% of the operational losses which offered significant advantages. He also confirmed that there would be a PR and marketing campaign ahead of the centre opening. Councillor Lovett stated his support for the project.

Councillor Mack referred to the report considered by Cabinet on 4th September in relation to the KLIC, in particular Appendix A which had outlined three options in terms of the Council retaining ownership of the centre and questioned why Cabinet were proposing such a major shift in it's approach to the project. In response, Councillor Beales explained because of commercial reasons, it had been identified that the original proposal was no longer viable and therefore different terms had to be discussed and agreed. The centre would be an anchor building on a very important site in the Borough.

Councillor Mack questioned whether the proposals reflected a change in Council policy. Councillor Beales acknowledged that it did reflect a slightly different stance to Council policy, however, it would not necessarily set precedent for future projects.

Councillor A Tyler, in supporting the project, questioned what work Cabinet had carried out in terms of assessing demand for the centre. Councillor Beales explained that although no specific data had been collated, it was given that such demand existed. The centre would act as a “breeding” unit for small businesses. Research, however, had been carried out during the early stages of the proposals.

Councillor Beales responded to concerns raised by Councillor Manley in respect of any potential defaults on repayments on the loan, but confirmed that there was some form of security incorporated into the proposals.

Councillor J Collop raised concerns that if NWES started to generate profit from the centre, the Council would not see any of the return. He also stated that he felt that the Council should have taken on the project in its own right. Councillor Beales stated that the Council had no track record in running such a project. Any monies generated from the project would remain in the area and would support investment in the local economy.

Councillor J Collop also questioned whether Cabinet had considered entering into an agreement with any other partner, including one from the private sector. Councillor Beales explained that he was not happy with the concept of using a private company and that there was a need for an experienced company to be engaged in order to be able to deliver the project. He further stated that he was more of a Milton Friedman advocate than of John Maynard Keynes and that he had reservations about local authorities seeking to raise income from commercial activities that compete with the private sector. Councillor J Collop also questioned why the Council had not negotiated a “stronger deal”. Councillor Beales reiterated the terms and benefits of the terms of the agreement. The Portfolio Holder stated that he was delighted in having been lectured on the Return on Capital Employed (ROCS) by a Labour Member and the joys of Thatcherism by a Liberal Democrat Member.

Councillor Mack referred to the Heads of Terms of the Partnership Agreement, in particular the link to the achievement of outputs and the payment of a ground rent, both of which were to be agreed by both parties, and questioned what assurance Cabinet had that this would be achieved. Councillor Beales explained these would be agreed on a phased basis and agreed by the Quantity Surveyor and the land would be valued by an independent valuer.

Councillor Beales answered further questions from Councillor J Collop in relation to the Heads of Terms of the Loan Agreement and the implications for the Council.

Councillor J Collop questioned what projects in the Capital Programme would be shelved as a result of the Council providing funding for the KLIC. Councillor Beales explained that the capital programme was being revisited, however at this stage he could not stipulate what rephrasing or whether any projects would be shelved. He stated that he saw the capital programme as a “wish list” of intention.

Councillor Beales answered further questions in relation to the loan agreement.

CSC79: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

There were no Portfolio Holders' Decisions to note.

CSC80: **DATE OF NEXT MEETING**

It was noted that the next meeting of the Cabinet Scrutiny Committee was scheduled to be held on Monday 21st January 2013 at 6pm.

Meeting closed at 6.56pm