

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

CABINET SCRUTINY COMMITTEE

**Minutes of a Meeting of the Cabinet Scrutiny Committee
held on Thursday 16th June 2014 at 6pm
in the Committee Suite, King's Court, Chapel Street, King's Lynn.**

PRESENT:

Councillors C Joyce (Chairman)
J Collop, P Foster (Vice-Chairman), I Gourlay, J Loveless, A Lovett,
Mrs K Mellish, Ms S Sandell, J M Tilbury, D Tyler (substitute),
and D Whitby

Portfolio Holders Present:

Councillor D Pope, Portfolio Holder for ICT, Leisure and Public Space
Councillor N Daubney, Leader.

Management Team/Officers:

R Harding, Chief Executive
D Gates, Executive Director

Apologies for absence were received from Councillor T Manley.

CSC13: MINUTES

The Minutes of the Meeting held on 15th May 2014 were agreed as a correct record and signed by the Chairman.

CSC14: URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business to report.

CSC15: DECLARATIONS OF INTEREST

There were no Declarations of Interest.

CSC16: MEMBERS PRESENT PURSUANT TO STANDING ORDER 34

There were no Members pursuant to Standing Order 34.

CSC17: CHAIRMAN'S CORRESPONDENCE

The Chairman had no correspondence to report.

CSC18: RESPONSE TO PREVIOUS COMMITTEE RECOMMENDATIONS

There were no previous Committee recommendations.

CSC19: **MATTERS CALLED-IN PURSUANT TO STANDING ORDER 12**

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

CSC20: **TRANSFER OF LEISURE FACILITIES AND SPORTS DEVELOPMENT INTO A LEISURE TRUST ARRANGEMENT AND LOCAL AUTHORITY COMPANY**

Councillor Joyce, in inviting the Committee to pose any questions on the item, pointed out that Councillor Gourlay had requested that the members of the Trust be invited to the meeting for the Committee to be able to question them. Councillor Joyce undertook to check at the end of the meeting if all of his questions had been satisfied. Councillor Daubney explained to Members that it would have to be questions relevant to this particular item and the decision taken.

Councillor Joyce sought confirmation that the reasoning behind the transfer to the Trust was to save the Council money through business rates and VAT savings. Councillor Daubney confirmed this was the case, but that also the element of new energy and enterprise in delivering the sport and other elements was just as important.

Councillor Pope re-iterated Councillor Daubney's comments, and commented that the new outlook should be able to re-energise the service, bringing in new ideas, so improving the service and the potential savings available.

Councillor Gourlay commented that those comments made were the line of questioning he would like to have taken with Trust Members. He also asked Councillor Pope whether he had any idea what energy had been missing in which departments. Councillor Pope confirmed that the members of the Trust would have a new outlook on how businesses were run, he did not have any problem with the current enthusiasm and energy, as attendance figures were increasing, but as no business could stand still it was important to keep improving with new ideas, embracing the community who used the service.

Councillor Loveless asked why the management of the buildings and grounds had been separated from the Trust. He expressed concern that Cabinet was aware of how the management of the buildings and open spaces would be carried out and that the new arrangements wouldn't hinder their use, and asked who would be carrying out that maintenance.

Councillor Pope gave assurances that he was aware of the proposed arrangements, and that there were plans to re-arrange the car park layout to improve its use, but the playing fields etc shouldn't change. The Council had retained the responsibility through the Local Authority Company, for the grounds to ensure that where there was

potential for development the Council was able to maximise opportunities.

Councillor Collop asked why the period of 25 years had been included as part of the lease arrangements. It was explained that the Trust required a long lease to enable it to apply for and receive grant aid. Executive Director, C Bamfield explained that subsequent to the report being written, a break clause of 5 years had been agreed for the lease. However, if a large grant was applied for, it may be a requirement of that grant to apply for a deed of variation to remove the break clause. The length of lease expected by grant providers depended on the amount of grant applied for.

In response to Councillor Collop's request for an explanation of what a break clause would involve, it was explained that it could be broken with reasonable reasons. It was agreed that clarification would be provided in the minutes if that applied to both the Trust and the Council.

NB: Post meeting - for clarification purposes: The leases to the Trust for the various Leisure Centres are drafted in such a way as to provide Break provisions for both the Borough Council as Landlord and the Leisure Trust as Tenant. The Break provisions have been negotiated between the parties and offer a degree of flexibility to the Trust particularly if there has been grant funding from organisations other than the Borough Council, in addition the Break provisions provide the Trust with the option of taking on the site(s) on commercial lease terms, if the Borough Council elects to exercise the Break clause(s).

Councillor Tilbury expressed the concern that he hoped the clause applied to both sides.

Councillor Gourlay asked why the Council had retained responsibility for the buildings and grounds. Councillor Pope explained that the Council were maintaining the status quo, and would be good landlord. Executive Director, C Bamfield also explained that it was the most tax efficient way of providing the facilities, as the Council was able to recover the VAT charged, whereas the Trust would not be able to.

Councillor Daubney explained to Members that the model was being progressed to save money. A number of models had been examined and the Council was progressing with the most efficient model, which was now being copied by others around the country. It was important to give the Trust the opportunity to give the best service in a tax efficient way.

Councillor Joyce commented that the model would save the Council money by saving the Trust costs. Councillor Daubney explained to Members that the services provided to the Trust or Local Authority

Company were not free, there were costs for the services provided which would continue to be incurred.

Councillor Collop asked whether the proposal involved the return to the Council of the set up costs, and whether the 50/50 proposal to the split of profits with the Local Authority Company after £50,000 had been agreed.

Councillor Pope confirmed that the set up costs would not be returned to the Council, and that the proposal which had been agreed by the Chief Executive in consultation with the Leader, to split the profit would assist the Trust in building their funds. He also confirmed that there were still a number of things to be agreed to finalise the arrangements.

Councillor Tilbury confirmed that he was happy with the delegation arrangements, and felt that it was right that this report had been brought back for member's attention so they were aware of the arrangements.

Councillor Daubney explained to Members that with any contracts there were always things to finalise, once finalised they would be available for members to see should they wish to do so.

Councillor Gourlay asked why in 2.4 of the report it had referred to the fact that the Trust would be able to run services inside and outside the Borough. Councillor Daubney explained that the articles of any enterprise needed to be as wide as possible so as not to prevent any expansion of the services at a later date should they wish to do so.

Councillor Joyce sought confirmation that the Princess Theatre was not part of the transfer, and that the Arts Centre Trust were likely to take on the lease for the Guildhall. These were confirmed. He also asked whether the Trust had the expertise for the management of the Corn Exchange, and whether the Guildhall would be better to remain with the Corn Exchange. Councillor Pope confirmed that he was happy that the expertise existed within the Trust management for the Corn Exchange. It was also confirmed that the Corn Exchange did not programme events for the Guildhall.

Councillor Joyce also asked how the relationship between the Trust and the Local Authority Company would work staff wise. Executive Director C Bamfield explained that a considerable amount of work had been carried out on this matter, and there was a joint deed showing how the details of joint employment would work. Things such as procedures for disciplinary action were documented. Recruitment and management of staff at PG11 or below was through the Local Authority Company, and recruitment of staff above PG11 was done jointly with the Trust.

Councillor Joyce further asked what impact there would be on the rest of the Council's budgets when the Trust came into force. Councillor Pope confirmed that there would continue to be input on a senior level by the Executive Director, the Chief Executive would maintain a role from the Council's perspective, and the Local Authority Company would maintain input from the Council. Essentially, some staff were TUPE'd to the Trust, some to the Local Authority Company and at an operational level they were jointly employed. It was also confirmed that there were no new members of staff appointed.

The Chief Executive assured Members that the provision of the Trust was not a way of casting aside the Leisure function, it still remained an important part of the Council's provision of services, the back office services would continue to be provided by the Council, and it was important to continue to provide first class facilities and activities for the residents of the Borough. The Council's role would be different and its influence over the service would involve a different set of management skills.

Councillor Collop asked whether the reporting back on the performance indicators should be through the Resources and Performance Panel (R&P) instead of the Regeneration Environment and Community Panel (REC). It was explained that the reporting arrangements would probably evolve but it was a requirement for them to report into the REC Panel twice a year, which was a more regular reporting arrangement than was currently in place. R&P could ask to see them should they wish to do so, or they could have a joint item.

Councillor Collop also asked how the savings accrued would be able to be identified, to which Councillor Daubney confirmed that a way of showing this would have to be designed.

Councillor Joyce asked what the situation would be if the Council's revenue income dropped below that currently expected. Councillor Pope explained that if that were the case then there would have to be cuts across the Board, including to the Trust.

In response to a question from Councillor Joyce, Councillor Gourlay confirmed that he was content that the questions he had originally thought could be better answered by members of the Trust had been answered to his satisfaction. Councillor Daubney reminded Members that the scrutiny and monitoring of the Trust would take place via the Panel.

CSC21: **REDUCTION IN THE SIZE OF THE COUNCIL'S REPRESENTATION ON THE KING'S LYNN INTERNAL DRAINAGE BOARD**

Councillor Foster asked Councillor Daubney whether, as there was no recommendation to Council on the political make-up of the King's Lynn Internal Drainage Board he would go to Council with a recommendation as to the make-up of the Board. Councillor Daubney stated that Council would make the appointments to the Board.

Councillor Collop commented that there would be some financial implications to the report as less members would be claiming to travel to those meetings.

Councillor Tilbury asked why the figure of 10 proposed was less than the majority which would be 11 on the Board. Councillor Daubney stated he was not aware of the reasoning behind the numbers, except that the numbers were what had been agreed by Defra.

CSC22: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

There were no Portfolio Holders' Decisions to consider.

CSC23: **DATE OF NEXT MEETING**

It was noted that the next meeting of the Cabinet Scrutiny Committee was scheduled to be held on Thursday 17th July 2014 at 6pm.

Meeting closed at 6.52 pm