

Storey Creative Industries Centre 18th July 2012

Report of the Chief Executive

PURPOSE OF REPORT

To enable Council to consider as a matter of urgency a referral from Cabinet following Cabinet's consideration of the decision of the Overview and Scrutiny Committee on the call-in of a Cabinet decision of the 3rd July 2012.

This report is public, but Appendices 5 and 6 are exempt from publication by virtue of paragraph 3, of Schedule 12A of the Local Government Act 1972

RECOMMENDATIONS

- (1) That Council consider whether or not to approve Option 2 as set out in the Cabinet report of the 3rd July 2012, that is to continue to support the Storey building being used as a creative industries centre but under the Council's direct management and control, authorising the Chief Executive to take actions as necessary, prior to reporting back to Cabinet**
- (2) That in the event that Option 2 be supported, the Head of Resources be authorised to update the Revenue Budget to reflect the actions taken in accordance with (1) above.**

1.0 Introduction

- 1.1 On the 3rd July 2012, Cabinet considered a report on the Storey Creative Industries Centre. The report together with its appendices was exempt, but a public version of the report together with Appendix A was published. The public version of the report is at Appendix 1 to this report, and the exempt report is at Appendix 5.
- 1.2 The Cabinet minute (which is public) is at Appendix 2 to this report. Cabinet's decision was to approve Option 2 as set out in the Cabinet report, that is, to support the Storey being used as a creative industries centre but under the Council's direct management and control. The Chief Executive was authorised to take actions as necessary, prior to reporting back to Cabinet. In view of the urgency of the matter, Cabinet further resolved that the Chairman of Overview and Scrutiny be consulted with regard to waiving any call-in of the decision.
- 1.3 The Chairman of Overview and Scrutiny Committee was consulted but declined to waive the right to call-in the decision. In fact the decision was called in, and a copy of the request for call-in is at Appendix 3 to this report.
- 1.4 The Overview and Scrutiny Committee met last night, the 17th July 2012, and

considered six recommendations to Cabinet, proposed by those members who had called in the decision. Those recommendations are at Appendix 4.

- 1.5 In considering those six recommendations, the Overview and Scrutiny Committee accepted only recommendation 1, that Council continue to support the vision for the Storey Creative Industries Centre, and an amended version of recommendation 5, that Council consider removing restrictions on the nature of business carried out by those taking tenancies within the building so as to increase the potential for full occupation of the lettable space in the building.
- 1.6 Cabinet met last night, the 17th July 2012, following the Overview and Scrutiny Committee meeting, and considered the Committee's recommendations. Cabinet also considered a statement from the Board of Storey Creative Industries Centre Limited, dated the 16th July 2012, together with a covering email from the Chairman of the Board, and an officer briefing note. These are attached to this report at Appendix 6, and contain exempt information.
- 1.7 Cabinet was advised that, as indicated in the briefing note, and because of events that had unfolded over the past two weeks, option 2 as set out in the Cabinet report of the 3rd July was now more difficult to achieve and had greater risks and costs than was the case two weeks ago. It was now reasonable to assume that the costs could not be managed within existing budgets, and Council approval would therefore be required for option 2.
- 1.8 On the basis that the available options were to do nothing (option 1), which would not require any actual decision, or to proceed with option 2, which would require Council approval, and because of the urgency of the matter, Cabinet resolved to ask the Chief Executive to request the Mayor to allow the matter to be considered as an item of urgent business at this meeting. This would enable Council to proceed with Option 2 should it be so minded.

2.0 Proposal Details

- 2.1 Council is therefore asked to consider its position with regard to the future of the Storey Creative Industries Centre. Because of the financial implications, any decision to approve option 2 may now only be taken by Council. If Council is not minded to approve option 2, the default position is that the Council would take no action, and would await the actions of the Board. Depending on those actions, the Council would subsequently need to review its position as landlord and creditor.

3.0 Conclusion

- 3.1 Council's views are sought.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

As set out in the Cabinet report of the 3rd July 2012

LEGAL IMPLICATIONS

As set out in the Cabinet report of the 3rd July 2012. The Council would need to consider its legal position as both landowner and creditor in the light of any insolvency proceedings. At this stage, the detailed nature of those proceedings is unknown, and is in the hands of the company. If Council were minded to proceed with option 2, Legal Services would advise on any issues that may arise in relation to the transfer of utilities, and any other claims that

might be made against the Council.

FINANCIAL IMPLICATIONS

As referred to above and as set out in the attachments.

It is not possible to provide any accurate assessment of the costs that may be incurred should option 2 be pursued, but at least in the interim, they are expected to be higher than the 'do nothing' option 1. This is because option 2 will certainly involve taking on the most significant liabilities of the company, in particular for energy.

As a general indication, interim costs attached to option 2 may prove to be in the region of £200K to £250K, but this is only an indication, not a guarantee or ceiling.

Under the do nothing option, excluding interest the Company currently owes the Council around £110K and this would fall as an interim cost. Other costs may follow, linked to relocating the VIC and having an empty building, etc.

There is no cost free option.

Given the above, should Option 2 be approved, then surplus balances would be called upon as needed. The outturn report elsewhere on the agenda outlines the latest revenue balances position. Council should also note that the loan of £90K is already 100% covered by the bad debts provision and so this would reduce the call on balances.

OTHER RESOURCE IMPLICATIONS

Human Resources:

The application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will need to be considered in the light of the Council's preferred approach to the future of the building.

Information Services:

As set out in the Cabinet report.

Property:

As set out in the Cabinet report

Open Spaces:

As set out in the Cabinet report.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has contributed to this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has prepared this referral report.

BACKGROUND PAPERS

None

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