

**BUDGET AND
PERFORMANCE PANEL**

6.00 P.M.

25TH SEPTEMBER 2012

PRESENT:- Councillors Susan Sykes (Chairman), Alycia James (Vice-Chairman), Tony Anderson, Dave Brookes, Janet Hall, Roger Mace, Richard Newman-Thompson, Elizabeth Scott and Keith Sowden

Officers in attendance:-

Mark Cullinan	Chief Executive
Richard Tulej	Head of Community Engagement Service
Simon Kirby	Assistant Head of Community Engagement (Wellbeing)
Stephen Metcalfe	Principal Democratic Support Officer
Tom Silvani	Democratic Support Officer

12 MINUTES

It was proposed by Councillor Mace, and seconded by Councillor Sykes, that the minutes be approved as a correct record subject to the following amendment:

That resolution (1) minute number 11 be amended to include the list of questions asked by the panel, and to record the full details of the resolution as follows:

It was proposed by Councillor Mace, seconded by Councillor James and unanimously agreed:

“That a report be requested on the Storey Creative Industries Centre that answers the following questions:

- Has any contact taken place between representatives from sub-tenants of the building and the City Council as ultimate landlord (owner of the building)?
- Did the City Council pay the insurance bills and a utility bill for SCIC in mid 2011 and if so why and on what authority? Why did the City Council not take further action to protect its interests at that time?
- Why was the decision taken in December 2011 to grant the loan to the company without democratic accountability? [Opening it up to scrutiny could have saved at least four more months of losses and inaction.]
- What processes of due diligence took place before the loan was agreed in principle in December 2011, when was the loan paid over to the company, and what due diligence took place between the agreement in principle and the payment of the loan to the company?
- In what way and at what date did examinations of the annual accounts of the company contribute to due diligence?

- Upon being put to the vote members voted unanimously in favour of the proposition, whereupon the chairman declared the proposition to be carried.

That resolution (2) minute number 11 be amended to include the list of questions asked by the panel, and to record the full details of the resolution as follows:

It was proposed by Councillor Scott and unanimously agreed:

That a briefing note be provided to the panel which answers the following questions regarding damage to council homes:

- What are the terms, conditions and legal obligations on the tenant's agreement? Do we have a policy on responsible ownership?
- Can it be subject to changes if our policy need to be reviewed?
- How quickly do we check a home if we get complaints from a neighbour, for example overgrown gardens & run down state of the property?
- Do we call in on the day the tenants vacate the property to check that it is not trashed and left in a desperate state?
- The tenant hands in the keys on leaving at the Council office? Is this best practice!
- What is the turn around in Council housing?
- Has the housing department ever considered checking and collecting the keys from the tenant's home on the day they leave?
- We reward council tenant's £75 cash if they leave the house in good condition. How much do we spend on this incentive per year? Given that money is tight, should we continue this scheme?
- Should the tenant not have a duty of care to the property?
- How much do we spend on refurbishing trashed up homes per year in our district?
- Why is it difficult to trace a tenant when they leave Lancaster for non payment and also trashing homes?

13 ITEMS OF URGENT BUSINESS AUTHORISED BY THE CHAIRMAN

There were no items of urgent business.

14 DECLARATION OF INTERESTS

There were no declarations of interest.

15 STOREY CREATIVE INDUSTRIES CENTRE

The chief executive presented a report in order to respond to questions raised by Councillor Mace, and agreed by the panel at its meeting on 17 July 2012.

Members were reminded that at its meeting on 17 July 2012 the panel had requested to consider a number of questions from Councillor Mace regarding the Storey Creative Industries Centre (SCIC). It had been agreed that a report be requested and submitted to the panel in relation to these questions.

The panel were advised that questions one to three had been answered by the chief executive, and questions four and five by the head of resources.

The chief executive went through his responses to questions one to three, and members asked questions accordingly. Members asked questions covering the following areas:

- Whether the sub-tenants were active as a group, or whether they were attending meetings with the council as individuals.
- The future of the Visitor Information Centre.
- Potential savings identified by the sub-tenants of the building.
- The installation of separate electricity meters.
- Use of the Storey Gallery space.
- Future management of the building and suggestions from sub-tenants.
- The potential removal of specific covenants from the building.
- The payment of insurance and utility bills.
- The details of the loan provided to the SCIC.
- The urgent business decision taken by the chief executive on 20 December 2011.
- Issues regarding the payment of VAT bills.

As the head of resources had sent apologies to the meeting, members agreed to defer consideration of the answers to questions four and five to a future meeting of the panel.

Resolved:

It was proposed by Councillor Mace, seconded by Councillor Sykes and agreed unanimously:

- (1) That the constitutional issues of urgent business decisions normally taken by Cabinet, call-in procedure, issues of urgency and of the waiver of call-in be referred to Council Business Committee for further consideration.
- (2) That the chief executive be requested to make documentation relating to future urgent business decisions available to members of Overview and Scrutiny Committee, and Budget and Performance Panel at the same time that it is provided to Cabinet members.
- (3) That it be requested that the chief executive enquire as to whether the exempt urgent business report from 20 December 2011 regarding the Storey Creative Industries Centre can now be made available to the public.
- (4) That a report be prepared for the next meeting of the panel to provide answers to the following questions relating to question two in the report:

- Why was the building's VAT status not changed at that time (as a similar precaution)?
- (The VAT status change has now been done) Please tell us more about the purpose of the change and the circumstances in which the change would have significant impact. How long did it take to make this VAT change and for it to become effective?
- How much of the £90k loan is being claimed against the assets of the company in the liquidation?
- Why was the £90k support to the company given by way of loan instead of by way of pure grant or some mix of grant and loan?
- Was it anticipated at the time of the loan being made that it was likely to be recovered in full by means of the agreed scheme of repayments?
- Was a deadline specified by the company for the granting of a loan, and if so what was it and why?

(5) That information be provided to the panel regarding whether there is any liability of any kind of the directors and former directors of the company in relation to the loan, or other liabilities of the company.

(6) That Councillor Bryning be invited to attend the meeting of Budget and Performance Panel scheduled for 23 October 2012 in his capacity as Cabinet member with responsibility for finance, in order to answer questions relating to the SCIC.

(7) That it be noted that the panel had deferred consideration of answers to questions four and five as set out in the report, to enable the head of resources to attend the meeting to be held on 23 October 2012.

The meeting was adjourned at 8.15 p.m.

The meeting was reconvened at 8.25 p.m.

16 SALT AYRE SPORTS CENTRE

The assistant head of community engagement (wellbeing) presented a report to update members with regard to the detailed income and expenditure and allocation of overheads at Salt Ayre Sports Centre.

The panel was reminded, that at its meeting on 12 June 2012, members had requested a more detailed report on the finances of the sports centre be requested including income and expenditure for the last year.

The report provided this information as requested and explained the details behind the relevant income and expenditure headings. It also explained the allocation of management and administration costs across the relevant activity areas.

Members were reminded that the provision of sports centres was discretionary, and was, amongst other things, supporting the council's Corporate Plan priority for Health and Wellbeing. Additionally, there was no requirement for the facility to break-even, but the council still needed to ensure that it operated as efficiently as possible to ensure council taxpayers money was being spent effectively.

The assistant head of community engagement (wellbeing) outlined the current outturn position for 2011/12 for each of the activities at the centre, and identified that the majority of the costs were contained within the management and administration account. It was advised that this made it difficult to assess performance on an activity by activity basis.

In order to provide some clarity, officers from Community Engagement and Finance had worked together to determine suitable methods for allocating the management and administration costs across the range of activities provided by the centre. These were displayed in a separate table. The panel discussed the outturn for each of the activities at the centre and asked questions accordingly.

Members discussed the café at the sports centre. It was advised that reviews of the café and vending service were ongoing.

A panel member queried whether there were any incentives offered to staff for rewarding suggestions to save money. The assistant head of community engagement (wellbeing) advised that there was a culture of engagement at the sports centre. Recent energy savings had been made as a result of staff suggestions.

Members queried whether the council was engaging with other local authorities which provided similar facilities. It was advised that this was the case, and that the council shared views and models of operation with neighbouring authorities with a view to sharing good practice.

The panel discussed the benefits of the sports centre. Members were advised that GPs in the district could refer patients to the sports centre, and that there were a number of projects which aimed to divert young people from crime and disorder in the district. The assistant head of community engagement (wellbeing) advised the panel that he would consider whether it was possible to estimate the social value of such services to the council and other public sector partners.

It was agreed that consideration of the remainder of the report be deferred until the next scheduled meeting of the panel. Members were requested to bring suggestions regarding ways in which management and administration costs could be reduced to the next meeting of the panel.

Resolved:

- (1) That consideration of the remainder of the report be deferred to the next scheduled meeting of the Budget and Performance Panel, to be held on 23 October 2012.

- (2) That officers be requested to look at the various headings to consider a reduction of up to 5% (by way of example) with particular emphasis on the management and admin costs in such a way that it does not negatively impact on service provision.
- (3) That financial information be presented in such a way that more clearly shows allocation of management and administration costs including a more detailed/informative breakdown.

17 WORK PROGRAMME REPORT

Resolved:

That consideration of the work programme would be deferred to an additional meeting of the panel prior to the next scheduled meeting on 23 October 2012, at a date and time to be agreed. The panel also requested that the Quarter 1 Corporate Performance Monitoring Report (including reducing sickness absence) be reported to the additional meeting.

The time and date of the additional meeting would be circulated to members in due course.

Chairman

(The meeting ended at 9.15 p.m.)

**Any queries regarding these Minutes, please contact
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