

MINUTES

Brentwood Borough Council Audit & Scrutiny Committee Brentwood Leisure Trust Working Group

Date: 10th August 2021
Time: 6.30 pm
Venue: Teams

Attendance:

Cllrs:

Tanner (Chair)
Dr. Barrett
Fulcher
Hones
Naylor
Poppy

Officers:

Steve Summers	Strategic Director - (Deputy Chief Executive) (SS)
Amanda Julian	Corporate Director (Law & Governance) (AJ)
Kim Anderson	Corporate Manager (Communities, Leisure & Health) (KA)
Phoebe Barnes	Corporate Manager (Finance) (PB)
Zoe Borman	Governance and Member Support Officer

1. Apologies for absence

No apologies were received.

2. Initial Brentwood Leisure Working Group report - introduction

- 2.1 SS presented the working group with a report, that had been circulated prior to the meeting together with appendices, that provided an introduction and information on the process and background for the Council's original decision for the Brentwood Leisure Trust (BLT) and its Trading company (BLTL). In addition, the report provided details on the lease arrangements and BLT's 2019 financial position.

- 2.2 The report advised that at the 24th November 2020 Audit and Scrutiny Committee Cllr Dr Barrett forwarded a recommendation for the scrutiny work programme to include a review of the historic relationship between Brentwood Borough Council and the Brentwood Leisure Trust (BLT) and lessons learnt for the future. This document was attached as Appendix A to the report before the working group.
- 2.3 Subsequently, the cross-party Members Working Group met on the 3rd March 2021 and identified the initial questions/information they would like to see. (Minutes of that meeting and the questions/information requested were attached as Appendix B and C respectively to the report).
- 2.4 SS advised that it was intended that Officers will provide several reports to answer the questions and provide information as requested by members over a series of meetings to enable the review to be concluded.
- 2.5 SS requested Members to be mindful of the fact that the information collated was over a period of 20 years and many records were unavailable or obsolete. However, officers had extracted and were continuing to extract the information required but this process was very time consuming.
3. Original process/decision
- 3.1 SS explained to the working group the process that had been undertaken to come to the original decision and is set out below.
- 3.2 Best Value was introduced by the UK Government and was adopted in England and Wales by the Local Government Act 1999. Its provisions came into force in April 2000. The aim was to improve local services in terms of both cost and quality.
- 3.3 As a result of the legislation the Council was obliged to undertake a series of Best Value review of its services. One of the key features of the Best Value regime was to critically appraise the services which were provided and why they were provided.
- 3.4 On the 3rd December 2001 a report on the Cultural Services Best Value Review was provided and approved by the Cultural Panel. This decision was subsequently ratified by the Policy Board on the 19th December 2001.

- 3.5 On the 19th June 2002 the Policy Board agreed that the Council engages the services of Leonie Cowen & Associates to assist with the options appraisal exercise for the Leisure and Cultural Services Best Value Review.
- 3.6 On the 30th September 2002 the Cultural Panel noted and agreed the Phase 2 Best Value Report and subsequently on the 4th November 2002 resolved that:
1. That the Stage 1 report from Leonie Cowen & Associates be noted, together with the service delivery options identified within that report.
 2. That members refer the 3 options in the Stage 1 report to Leonie Cowen & Associates for detailed investigation and assessment.
 3. That the market testing exercise identified in the officers report be approved and undertaken as soon as possible.
 4. That the presentations from interested providers be made in due course to the Leisure and Cultural Best Value Members Working Group comprising the Chair and Vice-Chair of the Panel and a representative from the Main Opposition Group, together with the Leader and Deputy Leader of the Council.
- 3.7 At the meetings of the Cultural Panel on the 3rd March and 11th June 2003 members noted the progress of the review.
- 3.8 On the 16th July 2003 Ordinary Council it was resolved that:
1. The Council establishes a Not for Profit Distributing Organisation for the Brentwood Centre and Shenfield Sports Centre, including the practical delivery of sports and arts development activity.
 2. That the Council allocates £100,000 from the resources available from the recent Brentwood Centre rate revaluation to assist in this respect.
 3. That the CE&TC be authorised to take all necessary action to establish the new Not for Profit Distributing Organisation, subject to further reports to Members as appropriate on detailed progress.
- 3.9 At the 16th March 2004 Cultural Panel it was resolved to appoint the Chair and Vice-Chair of the Panel, together with the Conservative group spokesperson of the panel and the member of the Labour Group to serve on the BLT member working group. The committee were informed that BLT had now been incorporated as a company limited by guarantee with its own Articles of Association and Memorandum of Association.

The Trust was to apply to the Charity Commissioners for charitable status.

- 3.10 In addition, members were advised that discussions had taken place regarding the lease and a Commercial Provider Agreement with the Trust. This latter agreement would set out in some detail the operational services to be provided by the Trust. The member working group would assist Officers in negotiations with the Trust on this document.
- 3.11 On the 15th September 2004 the Community Panel were provided with an update from the Member Working Group which included
- Performance Indicators which would have to be reported to Council by the Trust on an annual basis.
 - Monthly financial performance report to be provided to the Council.
 - Launch of the Trust to be on the 1st October 2004 with Cllr Sleep appointed as a Trust member with ten other individuals, including the Council's Chief Executive.
- 3.12 The Council in 2004 transferred its leisure provisions to BLT, the service was by way of a direct award, including the transfer of 276 staff.
- 3.13 Both the BLT and the BLTL were incorporated in 2004.
- 3.14 Included within the report were the names and positions of Executives and Board level members from its inception until 2019. Members noted the calibre of these people and their experience within the leisure industry. Members asked whether the trustees/directors' roles had been advertised. SS said he was not aware but would check.
- 3.15 Members enquired as to the appropriateness of these individuals being contacted by way of extracting further information that could assist the review. SS advised that this could be done, however, it was up to the individual if they wanted or were willing to participate. SS would review this matter with the Chair of the working group.

4. Lease Arrangements

- 4.1 The report set out the lease arrangements entered into by the Council and BLT which were:

- (a) By lease and management agreement the Council leased to BLT the operation of the recreational, sporting and leisure facilities at the Brentwood Centre;
 - (b) Appointed BLT under a management agreement to provide sport and leisure facilities in various halls which the Council owns in Brentwood;
 - (c) Agreed to provide comprehensive payroll services to BLT.
- 4.2 The original lease was intended to be for 10 years expiring in 2014 however this was extended in February 2009 for a further 25 years for £1.00 rent. The agreement enabled the Council to terminate the lease by giving a minimum of 6 months written notice and the Management Agreement (agreement dated 1 October 2004 and made between the Council and BLT for a term of 10 years) would come to an end at the end of the Notice period.
- 4.3 The agreement in relation to the halls was extended in 2011. The third extension was on the 12th March 2018, the Policy, Projects and Resources Committee, resolved to extend the Grant and Service Level Agreement, which was the consolidation of the payroll service loan over 10 years and replacing the Halls Management Agreement of 2004 and the associated leases for a year.
- 4.4 Under the lease BLT were responsible for repairs, including paying one half of the proper and reasonable costs to the Council of repairing and maintaining the Car Parks. The Council were responsible for keeping the premises and landlord's fixtures and fittings in good repair and condition, except the Tenant's Repairing Parts (internal decorative finishes, floor finishes, ceiling finishes, non-load-bearing walls encompassing the Computer Room, the doors, windows and frames, all additions and improvements, all fittings and fixtures and all flat roofs and gutters). The Council were also responsible for , service media and where there is a danger to health and safety, to rebuild, replace and renew the Premises, landlord's fixtures and fittings and drainage, sewers and other service media. The Council were responsible for one half of reasonable costs to the BLT of keeping the Common Parts (main car park, both overflow car parks, the Driveways and Passageways) clean and tidy.

5. 2019 Financial position

- 5.1 The report provided details of the overall financial position of BLT as of 2019/20. BLT's 2019 accounts showed that their income had decreased whilst net and staff costs had increased.

5.2 The BLT and BLTL accounts were attached as Appendix I and J to the report.

5.3 Members requested an overall summary of monies granted to BLT detailing how much and when this was received.

5.4 SS advised that officers would provide further information regarding BLT's finances and Council's grants, including copies of all their accounts submitted to Companies House from 2004 to 2019 at a subsequent meeting.

6. Future meetings

6.1 SS advised that the following information would be provided to future meetings of the working group

- Finances over the period of 2004 to 2020.
- Monitoring arrangements for the period 2004 to 2020.
- Lessons learnt/the future