

MINUTES

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

Date: 20th December 2021
Time: 6.30 pm
Venue: Teams

Attendance:

Cllrs:

Tanner (Chair)
Dr. Barrett
Fulcher
Naylor
Poppy

Officers:

Steve Summers	Strategic Director (Deputy Chief Executive) (SS)
Jacqui Van Mellaerts	Corporate Director (Finance & Resources) (JVM)
Phoebe Barnes	Corporate Manager (Finance) (PB)

1. Apologies for absence

Apologies were received from Cllr Hones.

2. Introduction

- 2.1 SS presented the working group with a report, that had been circulated prior to the meeting together with a number of appendices, that provided information on the Trust's Finances, monitoring arrangements and the future.
- 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). The completed form was attached at Appendix A to the report before the Working Group.

- 2.3 Subsequently this was agreed at the 26th January 2021 Audit and Scrutiny Committee (Min.670 refers) and added to the scrutiny work programme with the process to be dealt with by way of a cross party working group.
- 2.4 The cross-party Members Working Group met on the 3rd March 2021 and identified the initial questions/information they would like to see. (Meeting minutes and questions/information were attached as Appendix B and C respectively to the report before the working group).
- 2.5 The second Working Group meeting was held on the 10th August 2021. The minutes were provided to the Audit & Scrutiny Committee on the 28th September 2021 and were attached at Appendix D to the report before the working group.
- 2.6 The report advised that minutes from the various Member Working Group meetings will be included on the appropriate Audit and Scrutiny Committee agenda under the Committee Scrutiny Work Programme item.
- 2.7 SS advised the working group that the report contained some exempt information from previous committee meetings and that these should remain confidential. These reports remained confidential as they would have obtained commercial and/or contractual information.

3 Finances – Brentwood Leisure Trust (BLT) and Brentwood Leisure Trading Limited (BLTL)

- 3.2 The submitted accounts as shown on the Company House website for BLT and BLTL were attached as appendices E and F respectively to the report before the working group.
- 3.3 SS advised that Officers could not locate any information that indicated grants which may have been provided to either BLT or BLTL through their submitted accounts to Companies House or the council's own records.
- 3.4 Details of grants/monies and loans from the Council to BLT were set out in the report before the working group.
- 3.5 Members noted that in the company account records that the companies were a going concern only on the basis that the council did not call in the loans owed to them. Members asked who would have authorised such assurances and were advised that it would have been the relevant Section 151 Officer at the time following discussions with senior officers and members.

4 Monitoring arrangements

- 4.1 Officers advised that they couldn't find any documentation or copies from BLT/BLTL Board meetings in the council records or online. In addition, there are no council records of any meetings between BLT and Council Members or Officers unless detailed in Appendix G.
- 4.2 To assist the working group and provide some history to the monitoring arrangements Officers had researched all committee reports between 2003 and 2020 and these were attached at Appendix G to the report before the working group.

5. Summary of main events

- 5.1 SS advised the working group of the summary of the main events that were included in the working group report and are set out below.
- 5.2 It was clear from reports made to the Audit, Overview & Scrutiny Committee in 2006 and Ordinary Council in 2007 that the Trust at that stage had some financial issues. This resulted in an incentive scheme being introduced into the Management Agreement for the management of the Community Halls by the Trust and appropriate action to assist the Trust in securing its long-term financial health.
- 5.3 In February 2009 the Council granted a new lease to BLT for the Brentwood Centre for 25 years until 2034.
- 5.4 Subsequently an exempt report was made to the Policy Board on the 26th August 2009 where it is resolved that a package of proposals, to improve the financial viability of BLT be approved in principle and that Members authorise Officers to commence detailed discussions with BLT based on these grounds and report back accordingly.
- 5.5 Further update reports were made to the Policy Board in 2009 and 2010.
- 5.6 In June 2011 an Internal Audit Final report was provided to the Audit Committee on BLT (Client Governance) with an outcome of 'No Assurance'. There were further reports to the committee in June and September 2012 on a follow up internal audit report advising of Limited Assurance. The report in June 2011 provided 15 recommendations of which 2 were critical.

- 5.7 A report on the 24th September 2013 to the Audit Committee provided 'Full Assurance' for the audit.
- 5.8 During the course of 2014 and 2015 update reports were made to the Asset and Enterprise Committee on the Asset Strategy Action Plan and in particular the Brentwood Leisure Centre & Community Centres. It was resolved at these meetings to
- Undertake a review of responsibilities and potential opportunities.
 - Meetings held with Chief Executive and quarterly meetings arranged.
 - Condition surveys to be undertaken to record condition relative to repair and decoration covenants.
- 5.9 At the 14th December 2015 Community & Health Committee it was resolved unanimously that members agree to establish a working group to develop a work programme to deliver the Leisure Strategy over the next 5 years.
- 5.10 Reports were continued to be made to both the Community & Health Committee and the Audit & Scrutiny Committee from 2016 to 2018 on the progress of the Leisure Strategy Working Group including the Brentwood Centre as Phase 3. This included an exempt report from 4 global Consulting who had been commissioned by the Council to prepare a Built Sports Facility Strategy. The Leisure Strategy was approved in 2018 and refreshed in 2021.
- 5.11 The Council provided BLT Auditors with letters of comfort confirming that it would not call in the loans owed to the Council.
- 5.12 At the 12th March 2018 Policy, Projects and Resources Board for the Brentwood Leisure Trust - Operation Loans, Leases and Service Level Agreement it was resolved:
- To approve an Improvements Loan of £180,000 to the Brentwood Leisure Trust for a term of 5 years, following a 2-year payment and interest holiday. Interest rate to be charged at 1.5% based on the Council's cost of borrowing over 7 years.
 - To approve a 2-year payment and interest holiday on the existing loan to BLT (approximately £163k outstanding by 31st March 2018) and repay the balance over a term of 5 years, following a 2-year holiday payment. Interest to be charged at 1.5% as above.
 - To reduce the payment of a Community Halls Management fee to BLT by £100,000 (to £48,800) from 1st April 2018 and withdraw it completely from 1st April 2019.

- To extend the lease and service level agreement for the halls for a further year and delegate authority to the Chief Executive in consultation with the Chair of P,P&R to finalise the lease.

5.13 On the 11th September 2019, the Policy, Resources and Economic Development Committee resolved unanimously to agree to the allocation of £51k to commence the feasibility of the Brentwood Centre and that a cross party working group be established.

5.14 In June 2019 Officers commissioned a report to undertake an inspection outlining planned maintenance requirements and provide a specification for Year 1 remedial works, including work to be undertaken to the boiler room which were completed. However, further works were not continued due to the pandemic and the subsequent liquidation of the Trust. Essential works have now been completed following the Council taking over from the Trust.

5.15 Officers set out some of the questions with responses which were raised by the Members Working Group initially within the report.

6. Future

6.1 The report advised that a new agreement with SLM (Everyone Active) for the operational management of the Brentwood Centre was implemented on 1 October 2021 for 2 years. As part of that agreement the Council have weekly meetings with the operator (for the first 3 months of the contract) and these will then become monthly. At each meeting the operator will report on the Key Performance Indicators. These include the current membership numbers, participation in the gym, swim and group exercise, community development projects, planned events at the centre and any building works or issues. These will form a monthly client report and then an annual report. The financial information is shared as an open book approach to look at the forecasted income and expenditure and then revised with the actuals.

6.2 The Council is also working with consultants around the future development of the Brentwood Centre and a Visioning Workshop took place in September which the Leisure Strategy Working Group, Ward Members, and the Brentwood Centre operator were invited to attend. The report on that workshop has been circulated to those who attended.

7. Conclusions/Actions

- 7.1 Officers advised that they have reviewed all the documentation available to them and attempted to provide answers posed by the Working Group as set out from its initial meeting. In addition, they had provided as much information that could find on the subject matter.
- 7.2 Working Group Members requested further information on the decision of the Community, Health & Leisure Committee on the 6th June 2016 to 'Commission a value for money review and options appraisal of the Council's leisure facilities to include the Brentwood Centre, Community Halls, Hartswood Golf Club, football and rugby pitches'.
- 7.3 In response to a question Officers advised that as far as they were aware BLT had not been among the charities removed from the Charities Commission register for non-compliance in 2018-19.
- 7.4 Officers would also circulate to the working group conclusions that could be drawn from the information provided for comment and addition to.
- 7.5 Following the above actions, as set out in 7.2 and 7.3, a report be drafted with the conclusions and associated recommendations for the working group approval and be provided to the next appropriate Audit & Scrutiny Committee.
- 7.6 These draft minutes would be appended to the Audit & Scrutiny agenda for the 12th January 2022.