Minutes of a meeting of the Scrutiny Committee of South Norfolk District Council held at South Norfolk House, Long Stratton on 8 February 2017 at 9.30am.

Committee Members Present:
Councillors: L Neal (Chairman), B Bernard, D Fulcher, C Gould, K Kiddie, T Lewis, G Minshull and J Wilby

Apologies:
Councillor: B Duffin

Substitute Member:
Councillor: C Foulger

Cabinet Member in Attendance:
Councillor: L Hornby and C Hudson

Other Members in Attendance:
Councillors: J Mooney and T Palmer

Officers in Attendance:
The Director of Business Development (D Lorimer), the Director of Growth and Localism (T Horspole), the Director of Commercialisation (D Fergus), the Head of Resources (P Catchpole), the Accountancy Manager (M Fernandez-Graham), the Community Leisure Manager (M Heazle), and the Senior Governance Officer (E Goddard)
Cllr Hudson introduced the report, which sought to provide members with details of usage, income and membership figures, since the refurbishment of the Diss and Wymondham Leisure Centres, to enable them to evaluate the impact of the improvements. The Committee was pleased to note that Wymondham Leisure Centre had achieved its goal of 2000 members as at 1 February 2017, and that membership and footfall had steadily increased at Diss Leisure Centre.

The Director of Business Development provided members with a presentation to detail how the usage, income and memberships of the two leisure centres had changed, using the figures from 2013/14 as a baseline, as this was the last full year before Cabinet had agreed the programme of refurbishments in January 2015. The Committee noted that, since 2013/14, the average number of members had increased, income and footfall had increased by 31%. Officers explained that income figures for Wymondham Leisure Centre showed a decline in 15/16 as the centre had been closed for refurbishments and that, during the closure, some members had found alternative facilities and were now tied into contracts elsewhere, although it was hoped that these customers would return once their contracts ended. It was noted that there had been a noticeable surge in membership after Christmas, which was always expected, and officers agreed that it was important to retain these memberships by keeping users engaged and enthused.

Members noted that although the Council had undertaken some marketing schemes to raise the profile of the leisure centres, an assessment of the varying customer needs in different areas of the District was to be undertaken, so that a more robust and thorough marketing campaign could be planned. In response to a member’s question regarding the target audience for the leisure centres, officers explained that there was ‘something for everyone’ and that an analysis of the demographic of the catchment areas would enable a more targeted marketing approach. It was also noted that the centres offered a ‘Referral Scheme’, which provided customers, who had been referred by their GPs for physical or mental health issues, a 12-week membership at a reduced price. It was hoped that after this period, they would continue with their usage of the facilities, having become more comfortable with visiting the Centre and its associated health benefits.

Members were advised that the spa facilities at Wymondham Leisure Centre had not achieved the income originally anticipated. The Director of Business Development explained that there had been difficulties in finding users for the treatment rooms although a number of options had been investigated, as detailed in the report. The Committee was advised that officers were currently in negotiation with City College Norwich to use the spa as a training facility and to appoint a spa supervisor to run the facility on a profit-share basis. Members noted that although the details had not yet been agreed, this arrangement would allow the Council to benefit from the expertise and branding of an existing provider, to achieve secondary sales from the café and hopefully membership, and would also fit well with the Council’s commitment to provide apprenticeships.
The Committee was assured that, although prices had been increased in the leisure centres, memberships remained competitive with other providers. Some concerns were raised regarding the ‘budget gyms’ in the area but officers reassured members that these establishments offered a different level of service so could not be compared on a like-for-like basis, although it was noted that they could attract some members away from the Council’s leisure centres. Members were pleased to note that Sport England were carrying out a case study on Wymondham Leisure Centre and had stated that South Norfolk Council had ‘raised the bar for in-house leisure provision.’

Members considered the usage of the swimming pool at Diss and questioned the frequency of the Swim School, which took place every weekday between 4pm and 6pm. Some concerns were raised that this schedule meant that children who were not members of the Swim School were unable to use the pool during these hours after school. Officers advised that the Swim School produced a large income for the leisure centre and provided children with a life skill. It was noted that there was already a high demand for Swim School places so it would not be desirable to reduce these sessions. In response to a member’s question regarding the possibility of refurbishing the school swimming pool at Long Stratton High School to be used in conjunction with Long Stratton Leisure Centre, the Director of Business Development advised that the Council had not ruled this out, but that investigations would be made into the likely costs of the project to see if there was a realistic business case to consider, as the Council would not wish to take on further liabilities.

There was a discussion around any potential benefits in setting up a trust or a limited company for the Council’s leisure facilities. The Director of Business Development advised that setting up a limited company would make the leisure centres liable for Corporation Tax. She explained that the Council had previously investigated the possibility of changing the status of the centres into a trust but that, when calculated some years ago, the financial impact of the VAT savings and business rates relief was not significant to justify the loss of control. It was reported that there was also a legal challenge through the European courts as to whether the VAT benefits of becoming a trust would continue. Members were advised that the creation of a trust would result in the loss of the Council’s ability to steer and control the aims and finances of the leisure centres, so this, together with the high costs of setting up a trust, would not be considered an advantageous proposition. However, it was noted that officers were reviewing alternative delivery methods to ensure the case for retaining and operating facilities in-house still remained.

The Committee questioned the cost of the leisure centres to Council Tax payers and was advised that the centres, along with their refurbishment costs, were currently being subsidised by the Council. It was suggested and agreed that a report be brought back to the Scrutiny Committee in June 2018 to review the progress and performance, and also to apprise members of the financial situation and profit and loss accounts.
The Committee thanked officers and it was then:

**RESOLVED:**

1. To note the report and support the proposals outlined in Section 4 of the report; and

2. That the Scrutiny Committee review the progress, performance and financial position of the Council’s leisure centres in June 2018.

**1193 2017/18 BUDGET; REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2017/18**

In the absence of Cllr Edney, Cllr L Hornby introduced the report, which detailed the Revenue Budget from which Council Tax levels would be determined by Full Council, and proposed a capital programme for the financial years 2017/18 to 2020/21.

The Head of Resources advised the Committee that the main change had been the Government’s decision to amend the New Homes Bonus (NHB) scheme with the outcome that the level of New Homes Bonus had reduced more severely than had been anticipated in the Council’s October Medium Term Financial Strategy. Members were advised that SNC had campaigned for transitional relief to cushion the impact of these decisions but that the final financial settlement was not yet known.

In response to a member’s question regarding the Council’s borrowing plans and whether these were secured on fixed or variable interest rates, officers advised that this was dependant on the type of borrowing and determined on a case-by-case basis. The Head of Resources reassured members that the Council worked closely with treasury advisors when deciding on borrowing strategies. The Accountancy Manager added that the Council had limited its variable borrowing levels to £200,000 so the majority of its borrowing would be on fixed rates.

Concerns were raised regarding the Council’s commercial ventures, in particular Big Sky Developments, and how the Council had placed itself in competitive markets. The Director of Business Development provided a brief overview of the plans for Big Sky Developments, stating that the intention was that more development opportunities would be presented to Cabinet as they arose. She added that these developments would also provide secondary benefits to the Council, such as Council Tax income, Community
Infrastructure Levy (CIL), business rates from commercial units, and income from building control work. Members noted that the Government’s White Paper, which had been announced the previous day, had reinforced the need to build more homes and had stressed the significance of small builders, custom builds and housing associations all coming forward to accelerate the housing market. The Director of Growth and Localism added that although the Council was looking, through Big Sky Developments, to build more houses for sale and market rental, the wider plan was to bring forward more land for the building industry to develop. In response to a member’s question, the Director of Business Development agreed to circulate the mission statement for Big Sky Developments to members of the Committee, by email.

The general consensus of the meeting was to endorse the recommendations of Cabinet however; Cllrs Lewis and Bernard reserved their positions on this matter until the meeting of Council on 21 February 2017.

RESOLVED:

To endorse the recommendations of Cabinet for the Revenue Budget, Capital Programme and Council Tax 2017/18.

1194 2017/18 BUDGET;
TREASURY MANAGEMENT STRATEGY 1 APRIL 2017 TO 31 MARCH 2020

The Accountancy Manager summarised the salient points in his report, which sought to outline the proposed Treasury Management Strategy from 1 April 2017 to 31 March 2020, briefly detailing the Council’s borrowing strategies over the four-year period.

In response to a member’s question regarding whether there was a ‘safe zone’ where the Council would feel comfortable with its borrowing levels, officers explained that there was no definitive answer and that it depended on the Council’s circumstances, it’s total reserves, and the level of risk it was prepared to take. Members were reassured that it was not unusual for a Council to borrow funds, especially where investment of these funds would produce a return.

The general consensus of the meeting was to endorse the recommendations of Cabinet however, Cllrs Lewis and Bernard reserved their positions on this matter until the meeting of Council on 21 February 2017. The Chairman commended officers on their work and it was then:

RESOLVED:

To endorse the recommendations of Cabinet for the Treasury Management Strategy 1 April 2017 to 31 March 2020.
SCRUTINY COMMITTEE WORK PROGRAMME AND TRACKER, AND CABINET CORE AGENDA

The Committee noted the Work Programme, Tracker and Cabinet Core Agenda.

It was noted that, at its meeting on 6 February 2017, Cabinet had requested that the Scrutiny Committee invite officers from Broadland District Council to provide more details on the proposals in the draft Local Development Order for the Greater Norwich Food Enterprise Zone. The Senior Governance Officer advised that she would liaise with Broadland District Council and notify members of whether this could be arranged for the next scheduled meeting of the Scrutiny Committee on 22 February 2017.

The Senior Governance Officer updated members on the outcome of their recommendation to Cabinet made on 25 January 2017, regarding the proposed increases to fees and charges in relation to dog bin services. Members noted that their recommendation for the increase in fees to be phased had been approved, but that instead of fees for those not previously charged being “50% of the increase in 2017/18, increasing to 100% in 2018/19”, this would instead be “£50.00 from 2017/18, increasing to the full charge in 2018/19”.

(The meeting concluded at 11:28 am)

Chairman