



Leicester
City Council

Minutes of the Meeting of the
CABINET

Held: MONDAY 08 APRIL 2002 at 5.00pm

P R E S E N T :

Councillor Willmott - Chair
Councillor Patel - Vice-Chair

Councillor Draycott
Councillor Getliffe
Councillor Holden

Councillor Kavia
Councillor Roberts
Councillor Subedar

Councillor Westley

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270. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act 1992 applied to them.

Councillor Getliffe declared a personal interest in Report D "Housing Capital Receipt Initiative Programme 2002/2003", as a Council House Tenant but declared that his interest was not prejudicial and that he also considered the interests of his family member to be non-prejudicial as a Council House Tenant.

Councillor Westley declared a personal interest in Report D "Housing Capital Receipt Initiative Programme 2002/2003", as his family members were Council House Tenants, but declared that he considered this to be non prejudicial.

Councillor Roberts declared a personal interest in Report D "Housing Capital Receipt Initiative Programme 2002/2003", as a Council House Tenant but declared that his interest was not prejudicial and that he also considered the interests of his family members to be non-prejudicial as a Council House Tenant.

Councillor Draycott declared a personal interest in Report D "Housing Capital Receipt Initiative Programme 2002/2003" because a family member was a Council House Tenant, but declared that she considered this to be non prejudicial.

271. MINUTES OF PREVIOUS MEETING

RESOLVED:

that the Minutes of the meeting of the Cabinet held on 25 March 2002, having been circulated to Members, be confirmed and signed by the Chair as a correct record.

272. LEADER'S ANNOUNCEMENTS

Beacon Status – Promoting Racial Equality

Councillor Willmott announced that the Council had won Beacon Status for Promoting Racial Equality. This was the Council's third Beacon Status award. It was noted that there were only three Councils in the whole country who had achieved Beacon Status for Promoting Racial Equality. It was also noted that Leicester City Council was the only authority in the East Midlands to achieve Beacon Status in all three years of the scheme. He also extended his congratulations to all the staff involved in the promotion of race equality over the years and to those involved in the preparation of the bid.

273. HIGHFIELDS YOUTH AND COMMUNITY CENTRE SPORTS LOTTERY BID

Councillor Roberts submitted a report seeking the Cabinet's approval for the uptake of grants in relation to the Sports Lottery project for the development of the sporting and Adult and Community Learning facilities at the Highfields Youth and Community Centre. The report also outlined details of a bid to the Learning and Skills Council that would support the development of Adult and Community Learning.

A revised set of recommendations was also circulated.

Councillor Roberts noted this report was the final stage for agreement to take up the Sport England Lottery Board grant by mid April. He noted that the Council would hear soon if the bid to the Learning and Skills Council was successful to enable an enhanced Community facility to be built.

The Head of Lifelong Learning detailed for the Cabinet the capital and revenue risks associated with the Highfields Youth and Community Centre (HYCC) project, including the possibility of clawback from the Lottery's Board Sports England. It was noted the Chief Financial Officer and the Head of Legal Services had been consulted on the risks set out in the report.

The information on the risks is attached as an Appendix to these minutes.

The Chair enquired if any further details on the grant had been received from Sport England. The Head of Lifelong Learning stated that he had recently had confirmed verbally that any clawback of the grant, if the conditions were not met, would be in proportion to the amount they had invested minus the period of use. This would also be confirmed in writing.

Members of the Cabinet also enquired what liability the Council would face if the centre was to be managed by an independent organisation. Officers reassured the Cabinet that safeguards would be included in any contract for the management of the facility with a third party.

The Chair welcomed the report and particularly expressed his support for the involvement of the Learning and Skills Council whose contribution could enhance the Lifelong Learning opportunities for disadvantaged communities and enable the scheme originally planned to proceed.

RESOLVED:

- (1) that the risks set out in the report and attached to these minutes, be noted;
- (2) that acceptance of the Sports Lottery funding, be confirmed, agreeing that such acceptance meant that the Council would meet the revenue consequences of the Lottery funded project including any deficits;
- (3) that the change of the signatory from Highfields Community Association to the City Council, be approved, as the association had no power to bind the Council to this project or funding in respect of a Council run project; and
- (4) that, having been appraised of the risks as set out in the report and in the Appendix to these Minutes, the full scheme be approved, subject to confirmation of external funding approval from the Learning and Skills Council and if the Learning and Skills Council funding was not available, then the Director of Education and Lifelong Learning, in consultation with the Cabinet Lead for Education and Lifelong Learning, be authorised to decide to proceed with the reduced £2.8m scheme; and
- (5) to note that the grant would not be accepted without:
 - (a) assurance from Sport England that clawback will only apply to the facilities they have funded (not the whole Highfields Centre as the conditions currently appear to imply), or other comfort regarding the maximum clawback;
 - (b) confirmation of our interpretation of the term “sport development objectives”, or some other satisfactory classification.

274. DRAFT SUPPLEMENTARY PLANNING GUIDANCE FOR ABBEY PARK ROAD

Councillor Kavia submitted a report seeking the Cabinet’s approval to adopt the

draft Supplementary Planning Guidance for Abbey Park Road, as part of City of Leicester Local Plan.

It was noted that the area of the site fell within the boundary of the Leicester Regeneration Company (LRC) and as such would be included in the Masterplan for the area that was being developed by Consultants. However, as there was strong developer interest in the site, Planning Guidance was needed urgently and it had been agreed with the Leicester Regeneration Company that this Supplementary Planning Guidance should be produced in advance of the Masterplan.

Councillor Kavia referred to comments of the Strategic Planning and Regeneration Scrutiny Committee which had been circulated with the report. In particular, the Scrutiny Committee wished to see a strengthening of the linkages between the site and other key areas such as the City Centre. They had also requested that reference to the Council's Compulsory Purchase Order powers be strengthened and that consultation should continue on the Guidance as part of the process of drawing up the Leicester Regeneration Company Master Plan for the area.

The comments of the Strategic Planning and Regeneration Scrutiny Committee were supported by the Cabinet. Members commented additionally on the lack of linkages currently indicated between the site and the Woodgate / Blackbird Road area and also on the need for a link between Abbey Park and the City Centre, possibly in the form of some type of 'New Walk' style pedestrian walkway, the development of which in the City had been requested at an earlier Cabinet meeting.

Officers in response stated that the document was purely guidance and didn't seek to detail the exact location of bridges, a matter which was still open for discussion as part of further consultation on the LRC Masterplan. An additional map was circulated showing the proposed improved linkages within the area especially over the river and canal and to Abbey Park and the City Centre, across the river near the National Space Centre and to the Belgrave Neighbourhood. Consideration had been given to the development of another New Walk style walkway which could be developed further as part of the LRC masterplan. Officers also stated there were a number of links to the west of the site already to the Frog Island area, however consideration could be given to developing these neighbourhood links further.

RESOLVED:

- (1) that the comments of the Strategic Planning and Regeneration Scrutiny Committee and the Cabinet be incorporated in the guidance; and
- (2) that, subject to the incorporation of the above, the guidance be adopted as Supplementary Planning Guidance to the City of Leicester Local Plan.

275. ADMISSION TO SCHOOL OF CHILDREN AGED 3+ AND 4+

Councillor Roberts submitted a report seeking approval, in principle, for a policy providing an entitlement provision for three and four year olds which would help to raise standards of achievement, provide parental choice and enhance social inclusion. The report proposed that further work be undertaken to find out what the costs would be if the proposed policy was adopted.

RESOLVED:

- (1) that the establishment of an entitlement to Foundation Stage education for three and four year olds in Leicester, be approved in principle; and
- (2) that a further report be submitted at the end of the Autumn term identifying in greater detail the impact on school budgets, capital, revenue, time-scales and any other significant issues.

276. HOUSING CAPITAL RECEIPT INITIATIVE PROGRAMME 2002/2003

Councillor Draycott submitted a report that analysed bids from Community Associations under the Capital Receipt Initiative Programme and asked the Cabinet to consider which schemes should be supported in 2002/2003.

Councillor Draycott emphasised that the programme was not funded by the sale of Council houses but from the Council's capital programme.

RESOLVED:

- (1) that those schemes shown under Priority One in the appendix to the report be approved for inclusion in the 2002/03 Capital Receipt Initiative Programme; and
- (2) that those schemes highlighted with a hash (#) in the appendix to the report be referred to other Departments to consider the priority of schemes, in which financial year they could be progressed and how they would be funded.

277. EDUCATIONAL AND OTHER TRUSTS

Councillor Roberts submitted a report seeking the Cabinet's approval for the delegation to the Director of Education of responsibility for all matters in connection with educational trusts in which the City Council had an interest and approval for the delegation to the Director of Social Services of responsibility for all matters in connection with the William Buckingham V C Memorial Fund.

RESOLVED:

- (1) that the Director of Education be given responsibility for all matters connected with any educational trust in which the City Council has an interest; and

- (2) that the Director of Social Services be given responsibility for all matters connected with the William Buckingham V C Memorial Fund.

278. PRIVATE SESSION

RESOLVED:

that the press and public be excluded during consideration of the following report in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because it involves the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act.

Paragraph 9

Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

THE INTEGRATED WASTE MANAGEMENT CONTRACT – SITE PROVISION

Paragraph 4

Information relating to any recipient of any service provided by the authority.

Paragraph 7

Information relating to the financial or business affairs of any particular person (other than the authority).

WAIVER OF CONTRACT PROCEDURE RULES – SUPPORTED LIVING FOR PEOPLE WITH DISABILITIES

279. THE INTEGRATED WASTE MANAGEMENT CONTRACT - SITE PROVISION

Councillor Patel submitted a report seeking approval to the disposal of land to the successful bidder for the Integrated Waste Management contract, which was being secured through the Private Finance Initiative (PFI).

RESOLVED:

- (1) that the sites referred to in the report be made available for the operation of the Integrated Waste Management contract, subject to planning consent where necessary, and to any final adjustments to the boundaries shown on the plans, which are for identification purposes only;

- (2) that the Director of Environment, Development and Commercial Services, in consultation with the Cabinet Lead Members for Arts, Leisure and the Environment and Finance and Resources, be authorised to agree all the terms necessary to make all the necessary sites available to the successful bidder within the settling of the overall terms within the Project Agreement and also undertake any necessary appropriations of land, if the latter proves to be necessary; and
- (3) that the Head of Legal Services be authorised to complete all the formal documentation necessary to execute the disposals as required by the overall terms within the Project Agreement.

280. WAIVER OF CONTRACT PROCEDURE RULES - SUPPORTED LIVING FOR PEOPLE WITH LEARNING DISABILITIES

Councillor Getliffe submitted a report seeking the Cabinet's approval to waive Contract Procedure Rules, in order to award a contract for the provision of supported living services to two service users with learning disabilities.

RESOLVED:

that Contract Procedure Rules, numbered 6, 7 and 8 be waived to enable the City Social Services Department to enter into a contract from April 2002 to June 2003 for the provision of supported living for two service users with learning disabilities, as detailed in the report.

281. CLOSE OF MEETING

The meeting closed at 5.52pm.

282. ADDITIONAL INFORMATION ON HIGHFIELDS YOUTH AND COMMUNITY CENTRE

(See Minute no. 273 for reference)

Sport England's grant conditions, which the Council must meet for the next 21 years, set out a number of commitments in the future that the Council was expected to meet or otherwise be subject to clawback grant. The 21 year period was a standard condition for all similar Sports England funded projects.

Sport England required a guarantee that the Council would pick up any deficit the Highfields Youth and Community Centre incurred and that this commitment must not be at the expense of the "stated sport development objectives."

The agreed sports development objectives were:

1. To promote the use of the facilities by existing and new community sports clubs and groups;
2. To develop sports programmes to attract hitherto, non-participating members of the local community;
3. To provide sports facilities to people who had previously been denied access due to their low income, gender, ethnicity, special needs or age; and
4. To establish a partnership approach to community sports development programmes in this locality and provide the opportunity for individual talent and development.

It was noted that if the objectives were breached the Council could be liable for full repayment of the Sports England grant of £2m. However, it was the view of Officers that these objectives were sufficiently broadly framed to allow the services provided to be developed and amended to cater for changing patterns of need and demand.

As the project was now to be constructed and run as a City Council project, the condition to require a guarantee that the deficits of the Centre will be underwritten by the Council was effectively irrelevant as the Council had to do this in any case by virtue of it being one of its services.

A business plan for the whole project detailing outcomes for usage for sports facilities and the adult community learning had been prepared. This had been based around conservative estimates of income. The key risk to the viability of the project was that the Local Authority's grant from the Learning Skills Council (LSC) was reduced and provision had to be removed from the Highfields Youth and Community Centre. The view of this risk was that, for the foreseeable future Highfields was a high priority area for adult and community learning for the Local Education Authority and the Learning and Skills Council. The LEA

needed good quality accessible provision for day time community learning in Highfields. The Highfields Youth and Community Centre would provide this facility for the local authority and, failing that, other providers funded by the LSC. It was drawn to Cabinet's attention that the Learning and Skills Council was considering supporting the capital costs and the associated revenue implications of a £1m investment.

A further requirement of Sport England's grant condition was that the Council could not dispose of its interest in the property or change the use of the facility without prior written approval of Sport England. If the Council did sell or change the use of the facility within 21 years:

- (a) It had to sell at full market value;
- (b) An appropriate proportion of the proceeds, as determined by Sports England "by reference to the proportion of the original cost met by grant and taking account of the period of use", was payable to Sports England unless they agreed otherwise; and
- (c) In the case of a change of use, such payment to Sport England would be based on a market valuation rather than on sale proceeds, but otherwise the conditions remain the same.

Whilst the conditions implied that any payment of proceeds would be tapered according to the period of prior use of the facility, Sport England did not have any pre-determined agreement on the precise provisions of tapering. It was likely that any tapering would be based on the open market value and length of use of the asset at the point of sale, but this could not be guaranteed.

Whilst unlikely, it was not impossible, in certain circumstances, for clawback to exceed the £2m grant allocated to the Council. This was because the payment was based on the sale proceeds or value of the property not the grant payment.

There was a further claw-back provision whereby grant was repayable to Sport England if there was failure to comply with any grant conditions in the period of 21 years.

As previously reported to Cabinet it was noted that in order to reduce the risk of the Council exceeding its partial exemption VAT limit, the Council would opt to tax for VAT purposes in order to reduce the amount of input VAT incurred on the construction costs. This would reduce the proportion of VAT exempt activity and therefore the amount of exempt attributable VAT incurred by the Council on the construction of the facility.

It was noted that it was the opinion of the Chief Financial Officer that although the project would substantially add to the total exempt attributable input VAT, with the anticipated programme/cash flow being over two years the Authority would still remain comfortably below its 5% de-minimis limit. The position for 2003/04 was less clear cut until such time as details of the capital programme

for that year were finalised.

It was also noted that this project would fall within definitions of a major project under the Council's "Project Management Standards for Major Projects". As such, it would be subject to the management and reporting arrangements set out in the standard.

In summary it was noted there were a number of financial risks associated with this major project. These risks were common to such major projects and mainly reflected the standard grant conditions issued by Sport England. A number of steps had been taken in order to minimise the exposure to risk that the Council faces. These included:

- (i) Building a business plan around conservative income estimates;
- (ii) Choosing to increase fees for VAT liable activities to deal with the consequences of opting to tax;
- (iii) Securing the appointment of sports development workers to promote the use of the Centre;
- (iv) Securing additional Learning and Skills Council income to deliver adult and community learning;
- (v) Carrying out a management review to ensure the enlarged and modernised facility has appropriate structure management and service delivery; and
- (vi) The adoption of formal standards of project management.

However, clearly the Council would be exposing itself to risk if it undertakes this scheme. The Council had taken all reasonable steps at this point to minimise the potential for risk. However, it was noted that this could never be eliminated fully, especially over a period of 21 years.