

**MINUTES OF THE MEETING OF SCRUTINY
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY 19 MARCH 2009**

MEMBERS

* Cllr C M Pannell - Chairman

* Cllr K J Baldry - Vice-Chairman

* Cllr J H Baverstock

* Cllr P H Cook

* Cllr G J Fielden

* Cllr R D Gilbert

* Cllr J W Squire

* Cllr J A Westacott MBE

* Denotes attendance

Also in attendance and participating:

Cllrs M J Hicks and J T Pennington

Also in attendance and not participating

Cllrs H D Bastone and R J Tucker

Officers in attendance:

For all items: Strategic Director (Resources), Member Support Services Manager and Member Support Officer;

Item 7 (Minute SC.56/08 below refers): Tone Leisure Managing Director, Finance Director and Commercial Director and Leisure and Recreation Officer; and

Item 10 (Minute SC.58/08 below refer) Head of Financial Services

SC.54/08 MINUTES

The minutes of the meeting of Scrutiny held on 12 February 2009 were confirmed as a correct record and signed by the Chairman.

SC.55/08 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting. These were declared as follows:-

Cllr R D Gilbert declared a prejudicial interest in item 7: 'Monitoring Report – Leisure Centres, Sport and Healthy Lifestyles Contract ' (Minutes SC56.08 below refers), in any specific matter relating to finance, healthy walks and GP health referrals, by virtue of his wife's employment with Tone Leisure, but remained in the meeting and took part in the discussion and vote thereon. However, Cllr Gilbert did advise that he would leave the meeting should any matters relating directly to his wife's employment arise.

Cllrs P H Cook and M J Hicks both declared a personal interest in Item 7: 'Monitoring Report – Leisure Centres, Sport and Healthy Lifestyles Contract' (Minute SC56.08 below refers), by virtue of their leisure centre membership. Both Members remained in the meeting and took part in the debate on this item.

SC.56/08

MONITORING REPORT – LEISURE CENTRES, SPORT AND HEALTHY LIFESTYLES CONTRACT

Mr Joel Chapman, The Commercial Director gave a presentation to the Group regarding the organisation's new initiatives and marketing strategy to minimise the impact of the economic downturn on the contract. The Group was informed that the most profitable areas of the business were fitness memberships and swimming lessons, and these activities had been the main focus of their attention in terms of sales promotion and the retention of memberships. To reinforce these key areas, sales training programmes, structured sales strategies and interaction skills training had been implemented.

The Group then considered the Monitoring Report that gave an overview of the performance and key issues of the leisure centre management arrangements with Tone Leisure, which was now reaching the end of the second year of its operation.

The Leisure and Recreation Officer informed the Group that whilst growth in usage had continued (4% up on the previous year) the financial growth projected had not been reached and cost control measures were being given extra prominence during these difficult economic times.

More positively, it was reported that the Ivybridge Leisure Centre had raised its Quest Inspection score from 68% to 71% and that following the implementation of recommendations from the Carbon Trust, energy and utility savings had been achieved at several sites. Members were also advised that the dual use agreement to confirm community use at Dartmouth Leisure Centre was being progressed with Devon County Council.

The Group was also informed that the Government's proposal to introduce free swimming for the Over 60s was due to take place from the 1 April 2009. Consequently, PR material had been prepared and a press release would be issued on 19 March 2009.

During discussion, the following points were raised:-

- (a) A Member asked what percentage of South Hams residents were members of the leisure centres. In reply, the Officer advised that it was approximately 5% of the total population, which was not considered low and mirrored the ratio for other areas;

- (b) A Member commented that they had noted a lack of social interaction between users of the fitness suites. The Commercial Director replied that the programme of staff interaction skills training would hopefully diminish this perception which was especially important for achieving retention of membership targets;
- (c) Regarding the free swimming initiative for Over 60s, a Member commented that the public relations to promote the scheme was being disseminated rather late in the day for a launch on 1 April 2009 and warned that any criticism was likely to be directed at the Council;
- (d) A Member raised concern regarding the leak at Ivybridge Swimming Pool and queried whether the location of the leakage had been identified. The Group was informed that it had been identified but it would be a matter for the Council as to when the pool would be closed for the repair or replacement works to be undertaken. In light of the matter needing to be resolved, a motion was subsequently **PROPOSED** and **SECONDED** urging a solution in the immediate future;
- (e) A Member asked if Tone Leisure had been in discussions with any bus companies regarding provision of a service to facilitate residents in rural areas. The Managing Director (Tone Leisure) stated that they had not to date and did not believe that they would have any influence. Members were reminded of the previous presentation to the Group (Minute SC.34/08 refers) of the outreach activities being provided by Tone, which aimed to take leisure facilities to residents in rural areas by utilising village and church halls;
- (f) Following a query, Members were given assurances that no fees were currently being renegotiated on the Tone Leisure Contract;
- (g) A Member asked if there were any renewed plans for catering facilities at Totnes Pavilions. In response, Tone Representatives reiterated that café style catering had proved commercially unviable and that this facility had been resolved with the provision of vending machines. With regard to events such as the popular 10k road race, it was usual for event organisers to sub contract outside catering facilities;
- (h) A Member expressed their satisfaction that the Ivybridge Leisure Centre had now been officially re-branded;
- (i) In respect of the single status project, the Strategic Director (Resources) advised that a meeting had taken place between representatives of the Council and Tone to discuss a way forward. He advised that final confirmation on both sides was currently being sought and that progress was being made to find a satisfactory conclusion;

- (j) As an update, the Financial Director informed the Group that the launch of the Management Information Service (MIS) online booking system had been delayed. It was envisaged that the launch could take place in the South Hams leisure centres during April 2009. He further advised that the software had the capacity for parts of it to be upgraded (if required) to make it fit for purpose, without having to purchase new software;
- (k) Members were informed that at present there was one vacant position on the South Hams Board of Trustees. Whilst a recruitment exercise had been undertaken, the Board had made a decision not to fill the vacancy, as it was considered to be working effectively;
- (l) A Member enquired as to whether changing the Youth Nights in Kingsbridge from Friday to another evening would help to raise the attendance levels. The Managing Director replied that recently there had been an increase in attendance at the Youth Nights. The Youth Nights had been scheduled on that specific day at the request of the local police who were trying to discourage children from congregating on the streets on a Friday Night.

It was then:-

RESOLVED

That the Group:-

1. note the content of the Leisure Contract Monitoring Report; and
2. wish to ensure that a solution be found in respect of the indoor swimming pool leak at Ivybridge Leisure Centre in the immediate future.

SC.57/08 FIRST GROUP AND STAGECOACH

Mr Simon Newport, Commercial Director (First Group) and Mr Richard Stevens, Operational Director (Stagecoach) attended jointly to undertake a question and answer session from the Group.

During discussion, the following points were raised:-

- 1) A local Member asked Mr Newport why the No 48 service from Plymouth to Wembury had been reduced to a two hourly service, as this had been the subject of a complaint by a local resident. In acknowledging the point, the Group was informed that the Company had not received many complaints since the change in the timetables.

Mr Newport further advised that the reason for the change was that 60% of service users travelled using a Concessionary Bus Pass.

The reimbursement to the Company came from Plymouth City Council, who had reduced the subsidy and therefore bus companies were now carrying additional passengers for less income. Members also acknowledged that there had been a wholesale 50% increase in fuel costs, which further reduced profit margins, and subsequently created a loss in revenue for this particular service. This concern had been addressed by the changes to the timetable.

- 2) The representatives advised that the Council's underspend on the bus fares for 2009/10 had arisen due to the inaccurate predictions given to the Devonwide Partnership regarding usage figures. As a result, some Councils in the Partnership were facing a shortfall, whilst others a surplus in funding;
- 3) A Member asked if the Council could act unilaterally to increase the subsidy to the Bus Companies to increase the frequency of bus services in rural areas, or would this have to be done in unison with other partner Councils. The Group was informed that any subsidy could not be paid directly to the Bus Companies, but that they could operate a unilateral scheme with Devonwide Partnership. The representatives further advised that negotiations had been undertaken with Stagecoach by the Devonwide Partnership, and that as a result they would be operating the concessionary bus scheme at an earlier start time of 9.00am. However, similar negotiations had not been undertaken with First Group. The Strategic Director (Resources) agreed to investigate the possibilities of similar negotiations being undertaken with First Group and to investigate the monetary impact. This suggestion was subsequently **PROPOSED** and **SECONDED**;
- 4) A Member asked how the bus services integrated with other transport systems and rival bus companies. The Group was informed that due to fair trade regulations it was illegal for the Bus Companies to liaise with each other to integrate services and hence their services were predominantly timetabled around work flows and school runs;

Furthermore, the representatives felt that wholly integrated transport would require more funding and resources and a major shift in central government policy. Currently, transport was a deregulated and competitive industry and the aim of the bus companies was to establish market share and be commercially viable, which was not conducive with meeting social requirements such as social inclusion, which was where Local Authorities had to intervene. With regard to the Concessionary tickets, these were operated on a cost only basis and it was noted that the reimbursements did not always even cover the basic costs. This led to increases on fare paying passengers and reduced services and the real need for a renewed debate on the issue was stressed;

- 5) A Member raised the matter of the proposal for a Concessionary Bus Fare Scheme for Young People aged 14-19yrs in full-time education. The representatives advised that it would have to be properly funded as they were already losing income on the Over 60s scheme. In supporting the principle, the Group was (as outlined above) further advised that the scheme would be received more positively if the young passengers had to pay a small contribution, e.g. 30-50p per journey, and if it was presented as a new stand alone scheme.
- 6) A Member asked if Bus Stop signage could be installed at Kingsbridge Bus Station to assist the tourists. In reply, it was the understanding of the representatives that the Council owned the bus stops. The Strategic Director (Resources) agreed to investigate the matter of bus stop ownership for clarity;
- 7) A Member reported that for certain routes, the fleet was unreliable and often broke down. The Group was informed that such routes generated a lack of revenue due to the high usage of concessionary passes and therefore the companies could not justify the purchase of new vehicles;
- 8) A Member raised the matter of widening pinch points in certain areas to enable bus services to operate. The Group was advised that this was a highways matter and the representatives encouraged the Council to pursue this. The companies had themselves already produced a list of pinch points to submit to Devon County Council and any additional support from local councils to advance the matter would be most beneficial.

The Chairman thanked the two representatives for an excellent and most informative session from which some actions could be generated.

It was then:-

RESOLVED

That the Group:-

1. extends its thanks to the representatives for attending and providing comprehensive and interesting responses;
2. instructs officers to contact the partners on the Devonwide Concessionary Bus Fares Scheme regarding the matter of re-negotiating with the First Bus Company to bring the daily start time of the scheme forward to 9.00am;
3. requests that officers investigate for clarity the matter of bus stop ownerships in the South Hams.

SC.58/08 **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2009/10**

The Group considered a report which advised Members of the Council's Treasury Management Strategy and the Prudential Indicators and limits.

The report stated that the security of investments and the income generated by Treasury Management Activity were vitally important to the Council. Income from investments was estimated to total £930,000 in 2009/10, equivalent to approximately £25 per average Band D Council Tax Property. The Strategy set out how the Council would approach the task of managing its investment activity in the forthcoming year, during what promised to be a very difficult economic period. The Strategy attempted to maximise the income from investments, subject to the overriding management of risks, with risk limitation being more important than investment return;

During discussion, the following points were made:-

- 1) A Member asked for an update on the status of the investment made with the Heritable Bank. The Strategic Director (Resources) advised that he had recently been to a meeting convened by the Local Government Authority (LGA) where it was stated that the administrators would be making a statement in April with regard to payouts. Whilst payouts were likely to be substantial, exact 'percentage returns' of investments made were not specified;
- 2) Officers confirmed that the Council did not have any investments in Anglo/Irish banks and further advised that as a result of the Irish Government guaranteeing deposits, the Government's credit rating had been downgraded;
- 3) A Member raised the matter of contracting interest rates, noting from the report that the areas to invest £2.5 million per account under the Council's risk limitation rating criteria, were becoming few and far between. The Officer confirmed that since the original report had been considered by the Executive at its 22 January 2009 meeting (Minute E.103/08 refers), the number of banks that satisfied the rating criteria were now only five. The Member requested that the Council explore other types of investments, such as Treasury Gilts and Euro Bonds, though there were risks attached. This proposal was subsequently **PROPOSED** and **SECONDED**;
- 4) A Member thanked the Strategic Director (Resources) for the report and his prudent management of the Council's finances.

Prior to any votes being taken on this matter, a non Group Member felt that this item was absolutely critical and had a number of detailed questions that he wished to raise at the meeting. As a consequence of this level of detail, Members felt that there was merit in establishing a Treasury Management Task and Finish Group in which a small group of Members with financial expertise could meet and consider the matter in detail before the first quarterly report be considered by the Executive at its 28 May 2009 meeting.

It was then

RESOLVED

That the Group:-

1. note the contents of the report;
2. support the investigation of alternative sources and places (e.g. gilts) to invest monies; and
3. endorses the establishment of a Treasury Management Strategy Task and Finish Group to consider in-depth the strategy, prior to the presentation of the first quarterly report to the Executive (scheduled for the meeting on 28 May 2009).

SC.59/08 **SCRUTINY SHADOWING ROLES**

Members confirmed that they were kept fully briefed by their Executive counterparts, and continued to meet frequently.

SC.60/08 **AGENDA ITEMS FOR FUTURE MEETINGS OF SCRUTINY**

Bus Companies – Annual Review

The Group felt that the attendance of the Bus Company Representatives had been an excellent and constructive item and advised that they would welcome the representatives being re-invited at a future date to provide an annual update.

(Meeting commenced at 10.00 am and concluded at 1.00 pm).

Chairman