

CABINET

Minutes of the Cabinet meeting held at 2.10 p.m. on Tuesday 11 May 2010 in Conference Room 1, County Hall, Ruthin.

PRESENT

Councillors P A Dobb, Lead Member for Health, Social Care and Wellbeing; H H Evans, Leader; S Frobisher, Lead Member for Environment and Sustainable Development; R W Hughes, Lead Member for Customers and Communities; P J Marfleet, Lead Member for Modernising the Council; D A J Thomas, Lead Member for Regeneration and Tourism, J Thompson Hill, Lead Member for Finance and Efficiency and E W Williams, Lead Member for Education.

Observers: Councillors G C Evans; R L Feeley and H LI Jones.

ALSO PRESENT

Chief Executive; Corporate Director: Environment; Corporate Director: Lifelong Learning; Chief Financial Officer and the Head of Corporate Governance.

APOLOGIES

Councillor M M Jones, Lead Member for Welsh Language, Children, Young People and Leisure, Corporate Director: Social Services & Housing and the Corporate Director: Governance & Efficiency.

11 URGENT MATTERS

There were no urgent matters.

12 MINUTES OF THE CABINET MEETING 27.04.2010

The Minutes of the Cabinet meeting held on 27 April 2010 were submitted.

***RESOLVED** that the Minutes of the meeting held on 27 April 2010 be approved as a correct record and signed by the Leader.*

13 CABINET FORWARD WORK PROGRAMME

Councillor H H Evans presented the Cabinet Forward Work Programme.

Members noted that the GIFT Support Project report would now be presented to the June Cabinet meeting, whilst the report on the Coastal Shoreline Management Plan would be presented to the 7 September Cabinet owing to the need for further consultations.

***RESOLVED** that Cabinet note the amendments to the Forward Work Programme.*

14 ISSUES REFERRED TO CABINET BY THE SCRUTINY COMMITTEES

There were no issues referred to Cabinet by the Scrutiny Committees.

15 URGENT ITEMS

There were no Urgent Items.

PART II EXCLUSION OF PRESS AND PUBLIC

***RESOLVED** under Section 100A(4) of the Local Government Act 1972 the Press and Public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972.*

16 SCALA CINEMA AND ARTS CENTRE, PRESTATYN: UPDATE

(Councillor R W Hughes declared a personal and prejudicial interest in the item as a Council appointee and Trustee of the Company and Councillor J Thompson Hill declared a personal and prejudicial interest in the item although he now had no role with the Company. Both Councillors Hughes and Thompson Hill left the meeting.)

Councillor P A Dobb presented the report to update Members on the current financial position of the Scala Company Limited; to seek approval to increase the number of County Council representatives on the Scala Company Limited Board; and to seek approval for additional financial support from the Council for the current financial year, to support the venture.

Councillor Dobb said the report highlighted the current financial position of the Scala and it appeared that the latest business projections indicated that a further deficit of approximately £86k was anticipated in the current financial year. It would take a number of years for the Company to become viable. Members were being asked to increase the Board of the Company by a minimum of 5 persons – 2 Council officers and 3 Councillors plus the continuation of the current representative, Councillor R W Hughes.

Legal advice had been received which confirmed that if the Local Authority held between 20-50% of the voting rights it could be considered as a Local Authority Influenced Company and would therefore not be subject to clawback of capital funding or loss of charitable status. However, the Authority had to demonstrate that the Charity was always independent from the Council. The Company would have to either amend or prepare new Articles of Association in order to change the membership of the Company.

The proposal was a short term approach only aimed at stabilizing the financial management and building confidence in the management of the Company. An Annual General Meeting was due to take place in May and once the new Board and Articles of Association were in place, a review of the business with consultant expertise would be carried out before the end of July 2010 and brought to Cabinet in early September 2010. The review would also explore how to maximize income within the facilities and its assets.

Following the first review further work would be commenced to build a long term business plan for the facility which would be presented to Cabinet in December 2010.

There were reputational, political and financial consequences for the Council and a full picture must be obtained within the shortest possible time. There was also an extra cost to the Council of the officer time invested.

Councillor H H Evans thanked Councillor Dobb for her detailed update. He agreed the Company were in a serious financial situation and this would have to be managed sensitively and the review should help to stabilize financial projections. Councillor P J Marfleet agreed with Councillor Evans and went on to discuss the representation on the Board from Prestatyn Town Council. He suggested that when the review was carried out, this should consider all possible uses for the facilities. Councillor E W Williams suggested a periodic update on how the Board was achieving its proposals with either a report to Cabinet Briefing or a joint Briefing meeting with Resources Scrutiny and that future proposals should include the value of the building. Councillor Evans said the report to Cabinet in September would detail the ongoing monitoring of the financial situation.

The Chief Executive reported on his discussions with the Board, Prestatyn Town Council and Prestatyn Members. The Board realised they would have to be open minded on developments at the Scala to ensure its future. The Town Council have an elected Member on the Board and they felt there was currently no need for the Prestatyn Town Council Clerk to become an observer or member. He said he would expect Denbighshire's officers to report to him on a weekly basis and he would have meetings with the Lead Member on a monthly basis. The new proposals would strengthen the independent Board and ensuring the right membership was important. Councillor P J Marfleet agreed the membership of the Board was of paramount importance.

Members further discussed the report and what details the proposed review would cover. Councillor G C Evans confirmed that the report had addressed concerns raised by Resources Scrutiny Committee.

Councillor P A Dobb stressed the consultant taken on for the review should be suitable and this should start as soon as possible.

RESOLVED that Cabinet approves an additional budget allocation of up to £86k to support the Scala Company Limited, on the basis of the following terms and conditions:

- (a) *The Council be invited by the Scala Company to nominate up to 5 additional Members and Trustees of the Company with the intention that such persons are to sit on the Company's Board of Trustees (3 Councillors and 2 officers)*
- (b) *The existing Scala Company Board of Trustees agree that as a result of this change the Scala will become a Local Authority Influenced Company*
- (c) *That for the reasons set out in paragraph 4.1) "Governance and Legal" of the report, the Company either amends its existing Articles of Association or, as appropriate, adopts new Articles*
- (ch) *That by September 2010, the Scala Board produce a revised business plan and financial projections, and proposals for a revised financial management structure for the Company.*
- (d) *That by December 2010, an options paper is prepared by the Scala Company, highlighting long term proposals for the future management of the Scala, and a business plan that demonstrates how the Company proposes to reduce the ongoing financial deficit.*

The meeting concluded at 3.00 p.m.
