

DONCASTER METROPOLITAN BOROUGH COUNCIL

REGENERATION AND ENVIRONMENT
OVERVIEW AND SCRUTINY PANEL

27TH MARCH, 2012

An EXTRAORDINARY MEETING of the REGENERATION AND ENVIRONMENT OVERVIEW AND SCRUTINY PANEL was held at the MANSION HOUSE, DONCASTER on TUESDAY 27TH MARCH, 2012 at 9.30 A.M.

PRESENT :

Vice-Chair – Councillor Richard Cooper-Holmes

Councillors Joe Blackham, Ted Kitchen, David Nevett and John Sheppard.

Also in Attendance :

Councillor John Mounsey

Councillor Bob Ford, Stadium Management Company (SMC) Board Member

Simon Wiles, Director Finance and Corporate Services

Michelle MacFarlane, Head of Corporate Finance

Dave Wilkinson, Chair, SMC and Assistant Director Trading and Support Services

Colin Harker, Finance SMC

Julie Nichol, Operations, Keepmoat Stadium

Gavin Baldwin, Operations Director, Doncaster Rovers Football Club

Carl Hall, Doncaster Rugby League

Martin O'Hara, National Sports Federation

Alan Bloore, National Sports Federation

Maurice Field, member of the public

APOLOGIES

Apologies for absence had been received from the Chair, Councillor Jane Kidd, Councillors Barry Johnson JP, Margaret Pinkney and Unite Invitee Paul Smillie.

ACTION

46. DECLARATIONS OF INTEREST

In accordance with the Members Code of Conduct, Councillor David Nevett declared a personal interest in Agenda Item 5, 'Keepmoat Stadium Update', by virtue of being a season ticket holder at Doncaster Rovers and a member of Doncaster Rovers Supporters Club and Viking Supports Co-operative.

All to note

In accordance with the Members Code of Conduct, Councillor John Mounsey declared a personal interest in Agenda Item 5, 'Keepmoat Stadium Update', by virtue of being a Doncaster Rovers season ticket holder

All to note

In accordance with the Members Code of Conduct, Councillor Bob Ford declared a prejudicial interest in Agenda Item 5, 'Keepmoat Stadium Update', by virtue of being a member of the Stadium Management Company Board and left the meeting during final considerations.

All to note

In addition to the above declarations, Dave Wilkinson, Assistant Director, Trading and Support Services, declared a prejudicial interest in Agenda Item 5, 'Keepmoat Stadium Update' by virtue of being in attendance as a Director and the Chair of the Board of Directors of the Stadium Management Company and left the meeting during final considerations.

All to note

47. PUBLIC STATEMENTS

The Chair invited Mr Maurice Field to make a statement in relation to Agenda Item 5. 'Keepmoat Stadium Update' as follows:

"I MAURICE FIELD, local government elector DG719, publicly state I have read this meeting's agenda and the associated report published on the 19th March 2012, especially paragraph 28 where Simon Wiles states "officers of the Council are intending to have detailed discussions with the main stadium users during April".

In view of the fact that Doncaster's Tax-Payers have been systematically fleeced to bail out this MAL-ADMINISTERED PRIVATE BUSINESS, should not the Council's Section 151 Chief Financial Officer have detailed discussions with the Stadium's main financial supporters; we the TAXPAYERS OF DONCASTER?

I pray this Panel concur with my reasonable and rational statement and inform me of your decision in due course."

The Chair thanked Mr Field for his statement.

48. KEEPMOAT STADIUM UPDATE REPORT

Simon Wiles, Director of Finance and Corporate Services (and Section 151 officer) updated Members in respect of the Keepmoat Stadium. Members were advised that the Stadium

was built and funded by Doncaster MBC with the management and maintenance of the facilities run by a Stadium Management Company (SMC). The SMC is wholly owned by the Council and run as a separate company with its own board and staff.

The Director informed the Panel that the key objective of the Council was to ensure previous losses made would not continue to be funded by tax payers. Members were advised that a summary of the original financial plans was set out in the report and also the main reasons for the accumulated losses.

The SMC was set up to run the Stadium for the benefit of all users. The facilities were designed as a single entity which limits any options to split the facilities up and means that any changes to management and operating arrangements would need to respect and protect the rights of users.

The income did not directly relate to the costs of provision, with some projected high income but low cost activities such as the 5/7 aside pitches and the gym effectively cross subsidising other low income/higher cost activities such as the professional football, rugby league, women's football and athletics. So the low cost activities were designed to make a profit leaving other high cost activities to pay what they could afford but unfortunately this has not worked out.

The Panel was advised that Doncaster Rovers had a 25 year agreement to use the Stadium, with around 19 years left to run, so there would be no option to knock down the Stadium until after that time, without having to provide other similar facilities.

Members noted that the Stadium required certain inspections, surveys and works to be carried out in order to keep its operating licence and a number of these issues would become relevant in the next year or two to ensure they meet current standards and this 'maintenance' would need to continue.

The three options for consideration were discussed and the Panel noted that the Council could pass the management of the Stadium to one of the users. The most likely user would be Doncaster Rovers as they already had a management structure based at the Stadium and they had the greatest use.

A Member expressed surprise at the number of options in the report as he believed there were more to be considered and that it was a legal requirement to put them all forward. The Member also noted there was no reference to the lease arrangement and a caveat ought to be included saying 'and subject to it being lawful to do so'.

It was suggested that it was not lawful to give anyone the same terms as the previous agreement and that the original business plan was flawed as there were continual losses and the cost of usage was not in line with the running costs. A Member considered it was a breach to subsidise private entities and that it was never the intention for ratepayers to subsidise losses.

A Member considered that the Stadium would never be profitable but queried if it was for the use of the community where it would always lose money or for a private entity in which case a new lease would need to be drawn up for current circumstances.

The Director reported that it was not likely for the Stadium to become privately owned but more to have someone like Doncaster Rovers to manage it and it wouldn't necessarily always be a loss making entity. The current management structure would be permanently loss making though the Stadium could potentially make a profit if Doncaster Rovers joined with some of the SMC infrastructure.

The Director considered that if the Council no longer had any key liabilities and received a small payment from Doncaster Rovers this would be satisfactory and at no detriment to the public. The Director explained that the Council would not give state aid to a private company as it would be illegal.

Members noted that Option 3 was the preferred option if the Council could come to an agreement with Doncaster Rovers which may not be possible and the management might have to be streamlined. The Director stated he would be pleased to consider any other views.

A Member stated that he had circulated a list of options with his preferred option and was still unsure if it was lawful to continue subsidising a private entity. The Director assured Members that it was not illegal as the Council were the only shareholder of the SMC and it was not a private company.

A discussion took place regarding the rent payable by Doncaster Rovers and it was noted that the Dons and the Belles also had usage rights with legally binding agreements.

It was noted that at present, the Council owned the Stadium and the company and it was of benefit to the community.

The Chair asked if there was a 'get out clause' in the lease agreement and the Director replied that there was not as alternative facilities would have to be found.

A Member asked again if it was legal to subsidise Doncaster Rovers and the Director reiterated that it was lawful to continue with the existing agreement, but that it was not in the Council's best interest to do so. The Member also believed that Doncaster Rovers would manage the Stadium infinitely better than now but that they should make more payment for usage and the Council needed to ensure there was value for money for rate payers.

The Director informed the Panel that Doncaster Rovers had a legally binding contract, as did the other uses and that any subsidy was to the SMC. There were other ways of managing the Stadium which preserved community usage.

The Panel was advised that whilst it was reasonable for them to make recommendations, this report was not going to Cabinet as it was an update. A report would go to Cabinet some time in May and that could be scrutinised again.

A Member considered that any new lease should encompass a higher payment of rent if possible and that security of tenure was required and it was an asset for the Stadium to stay in the community.

The Director was asked if any other income streams had been identified i.e. solar panels, and if any other usage had been booked.

The Director reiterated that the Council would want to keep ownership of the Stadium and there was a possibility of renting part of the space. The Chair of SMC explained there was a cost and a risk to holding large events and the money was not available 'up front' for big concerts. It was noted that the catering contract had been re-negotiated and this was now bringing more money in and that the letting of rooms and

utilising the 'void' areas was a possibility. Members were also informed that Doncaster Rovers, the Dons and the Belles were all involved with the re-negotiation of the catering contract.

The Panel was informed that the Government had now raised the tariff on solar panels being fitted and the Chair of the SMC reported that it was still being looked at.

In accordance with Council Procedure Rules 28.6 (b), Councillor John Mounsey addressed the Panel. He informed Members that he believed it now to be illegal for solar panels to be fitted.

A Member considered that the Council should bring in other expert advice when discussing a new agreement to ensure the Stadium was kept for community use and to ensure a fair deal for the Council. Another Member concurred with the opinion that there should be a 'get out' clause with performance targets that benefit the Council. He believed some decisions made by the SMC were naïve and would like to see the Stadium being run by someone with previous knowledge and experience.

At this point in the meeting, with the agreement of the Panel, the Chair allowed a member of the public to speak.

Alan Bloore, National Sports Federation addressed the Panel and requested that as part of the new lease, it would allow supporters to be represented on the Board of the Stadium so that the community were involved and also to ensure the Stadium was not disposed of.

The Director explained that the businesses would fit into a new lease as follows:

- The gym etc. would be managed by Doncaster Rovers.
- The Dons and Belles would have revised usage arrangements.
- Athletics - possible separation with revised arrangements, ie. to have their own Trust and attract their own funding (preferable to the Athletics).

Mr Bloore also questioned, in respect of the lease and the financial value, who would benefit from the users income and

the Director explained that all the income would go to Doncaster Rovers or whoever was running it and it may not be a lease, but a licence with some rental payment to the Council.

Mr Bloore stated that Doncaster Rovers were convinced they would make a profit and any considerations needed to run as a company should be between all three users and possibly supporter organisations. It may also be perceived to be a cheap lease to a private company.

The Director reported that supporters could be considered in some way but that the Council did not want to be involved as it was not part of our 'core' business.

Mr Bloore believed that Doncaster Rovers had begun with a good deal six years ago and queried if there would be a profit if Doncaster Rovers obtained premier status and could the new lease allow the taxpayer to retrieve some of that profit back.

The Director stated that the Council could look at other companies managing the Stadium and not just Doncaster Rovers but did not think that there would be substantial amounts of money to be made. The Council would wish the new management to take on some of the risks that currently sit with them.

Mr Bloore remarked that the ratepayers were picking up the tab and there was a moral obligation to pay some money back and said the same discussions were taking place in other areas. The Director reported that he had looked at other clubs and was using them as a guide for a reasonable approach. He stated that Doncaster Rovers had signed an agreement, willingly entered into by the Council and even though it had not worked out, it was the fault of the Council and the SMC, not Doncaster Rovers.

A Member declared the contributions interesting but again asked that consideration be given to the other options available. It was considered that the basis of any new arrangements needed to meet the Council's requirements and ensure value for money.

A discussion took place regarding the best course of action to take regarding any recommendations and the fact that the report would go to Cabinet some time in May which could be

scrutinised again. A Member asked that a more detailed report be produced for the Scrutiny meeting. It was also advised that there was a need for professional outside bodies to be involved in drawing up the proposed agreement.

The Director informed the Panel that the original business plan was produced and advised upon by an external company. It was also noted that advice and support had been provided and may require further legal assistance.

Councillor Mounsey (Chair OSMC) considered that the Operations Director, Doncaster Rovers Football Club be present at all meetings when this item was under discussion. The Chair advised that he could only be invited to attend any meeting.

RESOLVED that:

- (1) the Panel received and noted the options available; and
- (2) recommendations be put forward once the report is returned for Scrutiny in May.

All to note

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