

MINUTES OF THE SPECIAL FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 10TH JANUARY, 2018

Present: Councillors S Cudlip (Chair) and Mrs B E Allen, E Bell, Mrs J A Bell, Mrs G Bleasdale, Mrs K Brace, S P Colborn, Mrs S Forster, Ms R M Gratton, G N Hepworth, Mrs L Kennedy, D McKenna, K Shaw, T Shepherd, R Whitehead, Miss L Willis.

Apologies: Councillors R Arthur, D Cummings, Mrs V Cummings, Mrs S Pratt, B Taylor.

Prior to commencement of the meeting the Chair advised members of this Committee and members of the public that in line with the amendment to 'the public bodies (admission to meetings) act 1960', which came into force in August, 2014, parts of this meeting may be recorded by photographic, video and audio means.

1. DISCLOSURE OF INTERESTS

Members were reminded prior to the start of the meeting of the need to disclose any interests, prejudicial or personal, in accordance with the Code of Conduct.

2. RESOLUTION TO EXCLUDE THE PRESS AND PUBLIC

RECOMMENDED in view of the confidential nature of the item to be discussed, the formal resolution be hereby passed to exclude the press and public from the meeting pursuant to the Public Bodies (Admissions to Meetings) Act, 1961.

3. OLDFIELDS

The Chair welcomed to the meeting Mr Andrew Simpson the Town Council's Solicitor from Morton's Solicitors.

A Member stated that there were a lot of words said about certain aspects of the Oldfield's contract about the promotional payments made to Oldfields. A Councillor stated he knew nothing about the payment and was kept in the dark and yet the minutes of that meeting states he was in attendance at the meeting. Another Member was also in attendance as an observer. A Member questioned whether it was correct to speak about this when the said Councillors are not in attendance tonight. It was noted that the Member was clarifying a point to correct the record and it was appropriate to do so.

The Member stated that the Member who was in attendance could explain to his party about the figures. A Member stated he couldn't understand it because the minutes were not a comprehensive document and it appears as a few Members meeting in a club and there is no detail. A Member objected to the Members comments with regard to it being a meeting in a club and wanted the Member to retract the comment. The Member refused to retract the comment.

A Member questioned whether the meeting was a general meeting or a decision on how the £48k was provided to Oldfields. A Member stated there was a meeting where a discussion was held about the £48k which a Member stated he knew nothing about it and found this quite incredible that a Councillor wouldn't have found out about it, if he wasn't at that particular meeting then it would have been at Full Council.

A Member stated that the minutes are a reflection of the meetings held and due diligence would have happened separately with the contract in a separate process.

A Member stated in hindsight it is easy to say that greater due diligence should have been used in connection with the contract. Members did their very best at the time and they rely on Officers for any enquiries that are made. This particular contractor was working for Peterlee Town Council and had a good track record in catering for many years. Explanations have been given about what the £48k was for and it is safe to say that there will be no premiums for a new contractor coming into the Town Hall.

A Member stated that the report states there are no minutes or records with regards to the due diligence so how does anyone know they were actually carried out. The only reference to the £48k is the Auditor's report and that doesn't explain how the decision making process occurred in order to decide why this company was going to be given £48k. A Member stated that Oldfields were given £48k and we can come back and revisit that at a later date. The Council needs to make progress with new arrangements for catering and the bar otherwise there will be nothing in the months and years to come.

A Member stated that the audit assurance level has always been 1 or 2 since he came onto the Council. In this situation the audit assurance level was moderate, did that not ring alarm bells with anyone. The Auditor states that Oldfield's received £48k for the promotion of the events but is unclear what this was spent on. There is a list of things where the money was being spent but there are no receipts appended to them. How do we know Oldfield's spent the money on those things. We can't micro manage everything but in this instance it was quite a sum of money and should have been micro managed. Receipts should have been asked for it's a considerable sum of tax payer's money and there is no paper trail.

A Member stated that he has concerns and would like to put pen to paper and propose that these are talked about at a later stage. A Member stated that if Members wanted to pursue that particular item with regard to whether proper due diligence was undertaken with the Oldfields contract then that can be revisited at a later date. A Member agreed that we need to move on but that it does need to be revisited for lessons learned for the next tender process.

Members agreed to move ahead and discuss a new contractor. A paper was circulated to Members which had been compiled by Mr Gary Hutchinson from Chrysalis Events. A Member stated that he was not sure how long Mr Hutchinson had been in business, whether he has been a company director and whether he had any other companies which had folded. These are difficult questions which would need to be asked and the Town Council would need assurances about. A

Councillor had also suggested having sample menus.

A Member stated he had went through the list compiled by Mr Hutchinson and he put forward that his model was slightly different to Oldfields. He states there doesn't appear to be enough profit in Oldfields model. It suggests that his percentages to the Town Council would be lower levels starting at 5%, 7.5% and 10%. A Member questioned whether Mr Hutchinson was discussing having a partnership with the Town Council. It was noted that he does discuss a partnership but he would still be the contractor.

A Member questioned whether there was any contingency that exists for people who have paid deposits could the Town Council's insurers be contacted to see if there is anything that could be done. It was noted that the Town Council's Solicitor had stated that where monies had been paid directly to Oldfield's the Town Council holds no obligation to these. Mr Simpson stated that Oldfields should have kept deposits in a separate account but Oldfields Accountant has confirmed that deposits were paid into the general pot. Members stated that at a previous meeting Members had agreed that the Town Council could not reimburse Oldfields clients with public money.

A Member questioned the Finance Officer asking if Mr Hutchinson had confirmed that he would honour deposits for bookings made. The Finance Officer stated that Mr Hutchinson would honour deposits up to £100 up until 8th April, 2018 but anyone who had paid in full for parties or weddings would ultimately lose out. A Member stated that he felt for those people who would lose out but public money could not be used to pay for these events when the Town Council did not take people's money.

Mr Hutchinson's document mentioned the short and long term arrangement and includes using the same Events Manager who was employed by Oldfields. There would be no premium paid to him. Mr Hutchinson also mentions that he would not be interested in the running the café and that this should be put out to the private market. Currently the Town Council do not employ anyone who works in the evening for functions. The caterer provided this which avoided major costs to the Town Council and he may want this to be changed. It was noted that the dancing class had been cancelled as the Town Council don't employ people to open and close the building. Arrangements will need to be made to find short and long term solutions.

A Member questioned whether anyone other than Mr Hutchinson had been spoken to with regards to taking over the current bookings. He suggested contacting Haswell Mencap as they are reliable and affordable and offer banqueting services. It was hoped that other contractors would be considered.

A Member stated that the Town Council has standing orders which would need to be waived in the interim as the Council needs to be able to move quickly as time is of the essence. This is the time when people are wanting to book weddings but noted that a tender process will need to be followed in due course. Members were also informed that Peterlee Town Council are also using Mr Hutchinson at present. Members suggested that Officers should contact Peterlee for a testimonial of Mr

Hutchinson's business.

A Member noted that at the last meeting Members agreed to use Mr Hutchinson's services for the next 3 months but Mr Hutchinson's document states he wishes to have 12 months with a 6 month break clause. The Finance Officer stated that 6 months is the minimum time in the hospitality trade. The Deputy Town Clerk stated that a former Oldfields Events Manager had taken some items from the kitchen and the Police had been informed. He had previously requested to use the items but the Deputy Town Clerk had refused as the Solicitor stated that Seaham Town Council had a lien at common law and no goods should be removed. During the pantomime in December the former employee of Oldfields had accessed the building and removed the items regardless. He stated that the goods belonged to Oldfields and Bill Oldfield had given him permission to take them to be used at Shotton Hall. The Finance Officer stated that Mr Hutchinson was not planning on bringing the former employee back to Seaham Town Hall after this incident, however he would be using him at Shotton Hall.

A Member questioned whether the Town Council has an inventory of goods. It was noted that the Auditor has now been in and carried out an audit of kitchen goods and the bar stock.

A Member stated that in future Seaham Town Council should hold deposits. Another Member mentioned the possibility of employing an events person to oversee bookings but Members noted this would be an expensive way to run things. It was agreed that after the party booked on Saturday Councillors should start to work on a tendering process. It was agreed that a meeting of the Town Hall Working Party should be arranged to start work on the tendering process.

A Member questioned again whether the Town Council's insurance policy could be looked at to see if there is any cover for incidents such as this. The Solicitor stated he very much doubted that this would be covered. A Member reiterated that tax payer's money could not be used. The Member stated that he was asking if the insurance could be looked at and not from tax payers. The Solicitor stated that Oldfields had still not appointed a liquidator and Oldfields Accountant was not receiving any instructions from his clients. Mr Simpson stated that the Town Council could appoint a liquidator as a debtor themselves of Oldfields. The liquidator would then take over and apportion Oldfields assets. Mr Simpson noted that he had been in contact with a liquidator who was willing to come in and talk to Members at short notice free of charge. The liquidator is Leonard Curtis Recovery who are a national company. Members agreed that they would like to speak to the liquidators to get further information.

A Member asked for clarification if there was any way the Town Council could reimburse deposits via the Town Councils insurers. It was noted that Members were firm in view of the answer being no. The Member stated that he felt there was political games being played. The Member stated that in his opinion one political party are distancing themselves on social media from the Oldfields situation and are now saying in a closed meeting that the Town Council are not going to reimburse anyone, this is so the public will permanently point the finger at the Members who were involved in getting the Oldfields contract and it was one political party that

were preventing people from getting reimbursed. Members disagreed to this and stated that it was the general consensus of the majority of Members from both political parties that the Town Council should not reimburse deposits. The Deputy Town Clerk suggested paying for the deposits out of Council funds and then trying to get them back through the Solicitor/Liquidator. A Member stated this could not happen. A Member questioned whether the Member requesting to look to the insurance was asking the Town Council to exercise reasonable discretion. Another Member stated to do this would be to set a precedence for the future if this ever happened again. Legal advice had been sought and the Town Council were under no legal obligation to refund monies paid to Oldfields. The Member stated that if the Town Council can use reasonable discretion then the Town Council should do this.

RECOMMENDED:

- (i) That the Town Councils insurance policy should be checked to see if there would be any cover for this incident.
- (ii) A meeting of the Town Hall Working Party should take place on Monday 15th January, 2018 at 2.00pm to discuss the tendering process and short term catering and bar options.
- (iii) Representatives from Leonard Curtis Recovery should be invited to the meeting to discuss the liquidation process with Members.