

Report to: **Council**
Date: **29 March 2018**
Title: **Totnes Leisure Centre: Investment Arrangements**
Portfolio Area: **Customer First**

Wards Affected: **Totnes**

Relevant Scrutiny Committee: Overview and Scrutiny Panel

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:
Immediately

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Recommendations:

That a loan facility to Fusion of up to £1.5 million (to be funded by prudential borrowing) be approved, subject to a business case to be approved by the COP Lead for Assets and the Section 151 Officer, in consultation with the Monitoring Officer, the Leader of Council and the lead Executive Member, to be paid back over the lease period (~12yrs).

1 Executive summary

- 1.1 It is proposed to amend a decision taken at full Council 28/7/2016 (33/16), relating to an approved loan facility for investment in Totnes Leisure Centre, as a result of the operating contract that is now in place.
- 1.2 The loan facility currently approved is to Tadpool, however, Tadpool have entered into a contract with Fusion to operate the centre on its behalf. Fusion are now responsible for the investment strategy, business case, delivery of works and operation thereof. As such, the loan facility should be to Fusion, rather than Tadpool.

- 1.3 This report seeks to amend the decision to reflect this and as it relates to borrowing, requires full Council approval.

2 Background

- 2.1 Totnes Leisure Centre is built on land owned by SHDC. Part of the centre including the pool is leased to Tadpool with ~12yrs left on the lease. The remaining part of the building is owned by SHDC and is leased to Fusion for the same term.
- 2.2 Tadpool, Fusion and SHDC wish to see investment in the centre and there is subsequently a requirement to fund capital improvement works through a loan.
- 2.3 SHDC have previously agreed to do so up to £1.5m, subject to approval of a business case, over the remaining term of the lease.
- 2.4 This decision was taken in 2016 prior to the operating agreements between the three parties being resolved and as such needs amending to reflect the current position.
- 2.5 The arrangements between the Council and Fusion for its other leisure centres have similar investment arrangements so as to support Health and Wellbeing in the District.

3 Outcomes/outputs

- 3.1 This decision would allow Fusion to move forward with a strategic investment in the facility to drive participation, increase visitor numbers and improve quality of experience.
- 3.2 Fusion and Tadpool are both committed to future investment and wish to proceed as soon as possible (subject to delegated business case approval).

4 Options available and consideration of risk

- 4.1 The risk of lending the money to Fusion instead of Tadpool is broadly similar, if one assumes that Tadpool would only pass the money and responsibility for delivery onto Fusion.

5 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		Any loan would be subject to a legal agreement taking the substantially same form as that which is used in the Leisure Contract between SHDC and Fusion.
Financial		The loan would be funded from prudential borrowing and repayments agreed in line with interest rates at the time of the loan being agreed.
Risk		Mitigated through the business case appraisal.
Comprehensive Impact Assessment Implications		

Equality and Diversity	N	Any capital investment should improve accessibility and therefore beneficial from this perspective.
Safeguarding	N	None
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	Y	Improved though better facilities
Other implications		none

Supporting Information

Appendices:

None

Background Papers:

Health and Wellbeing Procurement Outcome – Full Council July 2016
(33/16)