

## **Leisure Improvement Works**

From : Head of leisure, Parks and Communities

: Leisure and Performance Manager

Date : 28 August 2014

### **Leisure Contract: Improvement Works**

At Scrutiny Committee on 23 June, Members requested a position statement on whether there is a commercial loan between the Council and its leisure partner Fusion and a response was provided.

Members were further interested in how much the partnership effectively saved through this arrangement. Paragraph 8 of the report stated that there has been some £4.6m of investment, which has in the main been funded by contract savings. This note outlines the current position in response to the further questions asked.

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All capital investment in our leisure centres have been approved within the overall capital programme, and has therefore been approved by full council within the annual budget process each year in line with other capital schemes.

The responsibility for capital investment under the leisure contract rests with the Council, Fusion are not required to repay the Council for capital investment given this is not their responsibility under the contract that has been in place since April 2009 (i.e. no loan is in place).

**Q1. A breakdown of the financing provided by the City Council, including how much was borrowed, any revenue contributions etc.**

**and**

**Q2. The difference between the open market borrowing rate and the Council provided rate.**

The Council decided as part of the initial bid evaluation that improvements to the fabric would be funded by Council, whoever our leisure partner was. Financing for both investment works, repairs and maintenance (including backlog maintenance) was funded by Councils overall capital programme each year for the General Fund and the HRA, therefore was not borrowed.

The total investment, as Council have already spend around £4.6m on Phase 1 and 2 investments plus the substantive works budget is as per the breakdown below.

|  | <b>Approved<br/>Budget</b> | <b>Spend to<br/>date</b> |
|--|----------------------------|--------------------------|
| <b>Barton Leisure Centre</b>                           | 42,388                     | 42,389                   |
| <b>Blackbird Leys Pool</b>                             | 59,041                     | 59,040                   |
| <b>Blackbird Leys Leisure Centre</b>                   | 170,917                    | 170,917                  |
| <b>Ferry Leisure Centre</b>                            | 107,570                    | 107,570                  |
| <b>Hinksey Outdoor Pool</b>                            | 162,429                    | 162,429                  |
| <b>Temple Cowley Pool</b>                              | 98,494                     | 98,494                   |
| <b>Oxford Ice Rink</b>                                 | 892,465                    | 893,591                  |
| <b>Barton Leisure Centre Improvement works</b>         | 855,674                    | 855,673                  |
| <b>Blackbird Leys leisure Centre Improvement works</b> | 489,202                    | 489,202                  |
| <b>Ferry Leisure Centre Improvement Works</b>          | 719,601                    | 719,601                  |
| <b>Building Improvements (Leisure)</b>                 | 130,000                    | 107,316                  |
| <b>Hinksey Outdoor Pool Main Pool Liner</b>            | 110,000                    | 117,400                  |
| <b>Leisure Centre Substantive Works</b>                | 837,326                    | 540,541                  |
| <b>Leisure Centre Improvement work</b>                 | 276,763                    | 281,019                  |
|  | <b>4,951,870</b>           | <b>4,645,183</b>         |
| less Substantive Works                                 | 4,114,544                  | 4,104,642                |

**Q 3. The total amount the partnership ‘saved’ by the City Council providing financing, compared to if Fusion had borrowed on the open market.**

Given that Fusion’s tender was prepared on the basis that the Council would finance the capital investment, the question seems to be hypothetical in nature and very difficult to assess now what would have happened five years ago had the contract been scoped differently.