

**To:** Cabinet  
**Date:** 9 October 2019  
**Report of:** Executive Director Customer and Communities and  
 Regeneration and Major Projects Service Manager  
**Title of Report:** Oxford Sports Park – Assignment of lease

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	We seek cabinet approval to assign the lease that the Council currently has in place with Fusion Lifestyle for the operation and management of Oxford Sports Park to Oxford United Football Club
<b>Key decision:</b>	No
<b>Cabinet Member:</b>	Councillor Smith – Leisure and Housing and Councillor Turner – Finance and Asset Management
<b>Corporate Priority:</b>	Strong and Active Communities and Efficient and Effective Council
<b>Policy Framework:</b>	Leisure and Wellbeing strategy 2015-2020 and emerging Playing Pitch and Outdoor Sport Strategy
<b>Recommendations:</b> That Cabinet resolves to:	
<ol style="list-style-type: none"> <li>1. <b>Approve</b> the proposal that Oxford United Football Club manage and operate the Oxford sports park;</li> <li>2. <b>Approve</b> the assignment of the lease to the Oxford sports park from Fusion Lifestyle to Oxford United FC;</li> <li>3. <b>Grant</b> delegated authority to the Executive Director Customer and Communities in consultation with the Head of Finance to agree the terms of a new management agreement with Oxford United FC, in line with the existing Development agreement and lease for the Sports Ground, including: a community use agreement; business plan; and Governance arrangements for running the Sports park; and</li> <li>4. <b>Note</b> that the agreement will deliver a saving of £50k for the 19/20 and 20/21 financial years and £25k per year thereafter.</li> </ol>	

<b>Appendices</b>	
Appendix 1	Oxford United FC Community Work
Appendix 2	Equalities Impact Assessment
Appendix 3	Risk Register

### **Introduction and background**

1. The Oxford Sports Park consists of a mix of facilities including grass sports pitches, artificial turf pitches, artificial cricket wickets and cricket nets, sports pavilion and also houses Oxford United Football Clubs (OUFC) changing facilities and offices. It will be fully operational in October 2019.
2. At the outset of the project the primary aims were to enable BMW to expand its site on to the old sports pitches at the Rover Sports and Social Club which would play a part in helping to safeguard the future of the plant. This would be achieved by enabling the development of the adjacent site into sport pitches that would serve two main purposes of being a training and academy facility for Oxford United FC and also enabling there to be some wider community use of the site.
3. OUFC and Horspath Youth Football Club have had permission to use the Park during the final work phases. This has enabled some useful testing of the facilities and of how community sport and professional sport might work together in practice.
4. A tender exercise was originally undertaken in 2016 for the design, build, operation and management of the site and after a competitive process Fusion Lifestyle were announced as the successful tenderer. Only Fusion Lifestyle and OUFC submitted tenders at the time and OUFC were unsuccessful.
5. The Council subsequently entered into a 25 year lease and management agreement with Fusion Lifestyle for the design, build, operation and management of the sports park.
6. Since then the management of OUFC has also changed.
7. Fusion Lifestyle subsequently entered into sub lease negotiations with Oxford United FC. These negotiations are still underway. Over the last year Oxford United has undertaken grounds maintenance on the site as well as using the site as a training ground and for its academy.
8. Fusion Lifestyle has completed the development of the site and has put forward an initial development plan incorporating some community use.

### **Options**

9. As part of the sub-lease negotiations, between Fusion Leisure and Oxford United, further discussions were held on the future management of the park. In the last two months, alternative options for the future management of the park include:
  - OUFC managing the grass pitch areas and Fusion managing the artificial turf pitches and changing rooms.
  - Assignment of lease for the whole of the sports park to OUFC and the development of a new management agreement.

- Arrangements continue with Fusion as lease holder and OUFC as a tenant or license holder.
  - Go back out to market
10. Fusion Lifestyle and OUFC have agreed that their preferred option is for the lease to be assigned to OUFC and that a new management agreement, is put into place with OUFC. Fusion Lifestyle does not wish to continue to have any involvement in the running of the Sports Park.
11. Council Officers are supportive of this proposal. The main variation proposed, which has been agreed with OUFC and will be put in place if it is decided to reassign the lease, is the exclusion of the fee for managing the sports park. This management fee had been put in place to incentivise Fusion Lifestyle to take on the contract.
12. If the lease is assigned to OUFC, as part of its community use agreement, and in addition to its existing community work (see Appendix 3), Oxford United plans to:
- Provide free nutrition classes, fitness classes for vulnerable groups and mental health workshops.
  - Have literacy/numeracy classes with combined training sessions led by their players.
  - Hold Homeless football sessions.
  - Hold all school football finals at the grounds, organised and run by OUFC as well as two football festivals and a kwik cricket festival a year
  - There will also be access to the grounds for community use, with the exception of Sunday mornings when the Youth Academy runs. A requirement of the contract and funding that OUFC receives from the English Football League (EFL) is that there are no other users on site at the same time.

### **Benefits**

13. There are a significant number of benefits to the Council as well as to sport and community development in general with the proposed assignment of the lease and these include:
- OUFC are the main professional football club in the City and for the wider County and have a clear community presence and engagement within the City.
  - The club is well placed given their existing links and community work to reach out and achieve the Council's Sport and Community Development objectives relating to football across the City. Appendix 1 sets out some of the existing activity already undertaken by OUFC as well as its plans for extending its offer. It aligns with the Council's aim of targeting inactive people, ensuring that there are inclusive and diverse programs reaching our target groups and working within our priority areas.

- OUFC community department will staff and run the facility including community bookings and developing the on line booking system. The club will also provide security on site and has trained staff who are DBS checked, have safeguarding training and are experienced in dealing with safeguarding issues.
- OUFC has a very strong brand within the City and this presents some really positive marketing opportunities as well as the ability to attract inward investment such as sponsorship and external funding to the sports park.
- The club will look to work with community clubs on site and there will be added value through coach workshops and through the knowledge and expertise of delivery of professional sport.
- When the Council originally went out to tender for this there was little appetite to manage the site due to the cost and complexity. Since the Council went out to tender, OUFC has a new management team and are now better positioned to manage the Sports Park to achieve our aspirations.
- Entering into this arrangement with OUFC would present the Council with a £50,000 saving in 2019/20 and 2020/21 and then a £25,000 saving a year thereafter for the remainder of the lease.

### **Governance**

14. There would be regular quarterly governance meetings between the Council and OUFC to monitor performance including ensuring the Council's objectives around community use were being met.
15. Any issues, disputes or areas of non-performance that arose would be talked through at these meetings by OUFC and officers from the Council's Community Services area. If these could not be resolved then it would be escalated to Head of Service or Director at the Council and equivalent level at OUFC. In the event of the item remaining unresolved then it would be taken to an external body such as Active Oxfordshire for arbitration before any further more formal approach.

### **Health and Safety**

16. The club are experienced in facility and program management and have managed sites such as the rover sports and social club site previously. The responsibilities under the lease in this area would be assigned to the club including a management and community use plan for the site.

### **Financial Implications**

17. The revenue impact of the deal with OUFC for the operation of the Sports Park is at nil cost to the authority, representing a £50,000 saving for the 2019-20 and 2020-21 and then a £25,000 saving a year thereafter for its 25 year term against the assumptions currently built into the Council's Medium Term Financial Plan under the agreement with Fusion.
18. There is a bond of £329,000 that the Council has put in place for the County Council roadworks. The section 278 bond is a sum of money that is generally placed with the County Council to ensure that the roadworks necessary for any development meet the required standards and that the works do not fail through poor work within a two year period.

19. We are looking to ensure that Fusion as the current contractor have completed the remaining snagging items on the S278 works before October which would enable the release of 80% of the bond. There is a legal S278 agreement and an indemnity letter that Fusion are signatory to which protects the Council's position on retrieving the bond. To protect the Council's position the lease will not be assigned until we are in receipt of the 80% of the bond.

**Legal issues**

- 20. To enable OUFC to manage and operate Oxford Sports Park instead of Fusion Lifestyle, the lease that is currently in place between the Council and Fusion would need to be assigned to OUFC. This would be on the same conditions as the existing lease that the Council have in place with Fusion.
- 21. The Council would also enter into a new management agreement with OUFC. This management agreement would be based on the existing agreement with Fusion, but would be tailored to meet the particular circumstances of the proposed arrangement with OUFC.
- 22. The lease agreement states that termination of the 'contract' (management agreement) would similarly mean the determination of the lease, and vice versa. The lease would only be assigned on the basis that the new management agreement was in operation.

**Level of risk**

- 23. A community use agreement will be put in place as part of the management agreement. This would ensure the community activity already supported by OUFC would be expanded and integral to the use of the site for the term of the contract.
- 24. The existing lease agreement with Fusion Lifestyle makes provision for the Council to break the lease and take responsibility for the management of the site. A similar clause will be in place to ensure that the Council can take back the Sports Park should the ownership or priorities of the club change.
- 25. A business plan has been requested from OUFC as part of our due diligence to ensure that the sports park is managed in a sustainable way meeting our requirements for community use.

**Equalities impact**

An equalities impact assessment has been completed. In short this presents an improved opportunity to engage more effectively the Council's sport and community development opportunities targeting the inactive, ensuring that there are inclusive and diverse programs reaching our target groups and working within our priority areas

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**Background Papers:** None



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