

DRAFT

To: City Executive Board

Date: 2nd December **Item No:**

Report of: Head of City Leisure

Title of Report: Oxford City Football Club – Approval of Grant Funding

Summary and Recommendations

Purpose of report:

This report outlines the benefits and risks of Oxford City Council's funding support for Oxford City FC development at Court Place Farm.

Key decision: No

Executive lead member: Cllr Bob Timbs

Report approved by:

Finance: Sarah Fogden

Legal: Lindsay Cane

Policy Framework:

- Tackle inequalities and support communities
- Reduce crime and anti social behaviour
- Improve the local environment, economy and quality of life

Recommendation(s):

- To approve the award of a grant of £125K to the Oxford City Football Club project, subject to the terms set out in this report and to other external funding being in place.

Introduction

1. Oxford City Football Club (OCFC) is based at Court Place Farm in Marston. The ground is owned by Oxford City Council. The existing limited lease held by OCFC is currently in the process of being renewed and extended to give the club future security and to enable them to attain Football Foundation funding. This will see one lease being in place for the stadium and another lease being in place if the new astroturf is developed; the latter is dependant upon planning permission and project funding being in place.
2. Oxford City Football Club was established in 1882. The club currently operates 20 teams including youth boys and girls, adult male and female teams and veterans, which is approximately 500 players. The first team currently play in the Premier Division of the Zamarretto (Southern Football) League. This is level 7 of the national league system, the Premier League is level 1 and the lowest level played in Oxfordshire is level 18.
3. The club carries out some extremely positive work in the local community and in 2006 achieved the FA charter standard community club status. They followed this up in 2008 with the award of Football Foundation Community Club of the year.
4. In common with many football clubs Oxford City are under constant financial pressures and need to look for new sources of revenue and new ways to engage with the community.
5. This financial pressure along with the need for “on the field” player development has meant that the club are looking to develop the facilities. This will improve their playing ability and financial stability based on a prudent business plan (appendix 2).
6. The proposed developments are to expand the facilities to include a new third generation¹ all weather pitch with new changing rooms/clubhouse and six netball courts (in partnership with Oxfordshire Netball Association). The proposed site plan can be seen in appendix 3.
7. As part of this development OCC have insisted on a management agreement being in place (appendix 4). This agreement sets out that the club must offer a certain amount of community usage, as well as hiring the new facility to other local clubs at a rate agreed by the project steering group. OCFC will also be required to report back on defined performance indicators each quarter (appendix 5).

¹ In the early 21st century, new artificial playing surfaces using sand and/or [rubber infill](#) were developed. These "next generation" or "third generation" artificial grass surfaces are generally regarded as being about as safe to play on as a typical natural grass surface — perhaps even safer in cold conditions.

8. This project has the support of the Oxfordshire FA and is listed as its number one rated priority within the county as this facility would be the first of its kind in Oxfordshire. This would raise the profile of the club and the city, as well as having a significant positive impact on the development of both Football & Netball as Sports.
9. Under the terms of the draft lease OCC is to provide the grounds maintenance for OCFC for the initial five years of the lease. While it was originally proposed that this service would be provided as a benefit in kind, it is now proposed that a service charge of £25k per year would become payable to the Council for its provision of such service. After this period a new grounds maintenance contract may be put in place at the then market rates, or OCFC may choose to find an alternative grounds maintenance supplier.

Progress

10. The project is at a stage where the plans have been drawn up and agreed, and planning permission has been approved for the site. The prospective start date for the build is June 2010, with a finish in October 2010.
11. The club have attended Football Association & Football Foundation (FF) workshops to discuss the progress of the project, and the application. The indications are that the project is in a strong position and will go through the FF process, providing that the club has financial support from the City Council.
12. The Current estimate of the total development cost is £1,557,933. OCFC are bidding to the Football Foundation for the majority of this funding (£1.025million), which is the Foundations maximum grant. The rest of the funding is to come from other bodies as can be seen in the table below. At present none of this funding has been confirmed.

Source	Status	Amount Requested
Football Foundation	In Principle	£1,025,000
Oxford City Football Club	Ongoing	£150,000
Viridor Landfill tax credit (OCFC)	Consulted	£50,000
WREN Landfill tax credit (ONDB)	Offered	£50,000
Bernard Sunley Foundation	TBC	£75,000
Garfield Weston Foundation	TBC	£100,000
Misc Small Grants	TBC	£20,000
TOTAL		£1,520,000

13. This funding table shows a shortfall of £37,993 on the total project cost. OCFC are actively looking to reduce this gap with local

funding efforts and their recent FA cup run has already to date brought in an additional £12,000, and could extend if the team win in the next round. The gap could escalate as only one of the funding sources has confirmed their input (WREN £50k).

14. The Football Foundation is clearly the main contributor, but they have stipulated that the club must have the support of the local authority (Oxford City Council), which includes a minimum contribution of £100,000. In return for this support OCFC would be required to offer a prescribed amount of community use. This would be broken up into free use by the City’s Sports Development team and the City’s concessionary scheme “bonus slice” being in operation. This is also detailed in the management agreement.
15. OCC have identified a sum in excess of £40k as an in kind contribution for the first year. This excludes grounds maintenance and is made up as detailed below.

Item	Value	Description
Professional Fees	£25k	Costs attributed to OCC depts. (Leisure, Legal, Planning)
Sports Development Officer Role	£5k pa	Time from SDO over period of lease
Branding and Signage	£5k	OCC to support OCFC with all marketing in relation to the new facility
Training hire agreement	£6.2k pa	Pitch hire
Total	£41.2k	

16. However, OCC have discussed this proposal with representatives of the FF and have been informed that at least the minimum sum would need to be a cash injection rather than ‘in kind’ contributions spread across a number of years.
17. In the current climate this cash would be very difficult to locate. There is currently a £65k budget remaining within the football development budget, however this would mean that none of the other football related projects would benefit from this and so could also potentially be at risk.
18. OCFC are expecting the initial funding from external organisations just before the start of the build phase in May 2010. This would be the suggested time scale for any OCC funding. This would allow

OCC to ensure that the project is fully funded and would minimise the risk to any payments.

19. Officers have therefore been discussing with OCFC how a package including a cash grant of the size required to complete the funding package can be identified.
20. The outcome of the negotiations is the proposal that OCC makes a one-off, up front grant of £125k in 2010 and that instead of providing grounds maintenance as an in-kind contribution over 5 years, the Club will pay the Council a service charge to be added onto the rent.

Climate Change/Environmental impact

21. The grant itself will have no environmental impact. The project will be based on existing green land contribution which has been approved by the planning department
22. There has been concern locally regarding the surface water and sewage flooding. These have been carefully studied in the planning stage and any impact will be mitigated during construction.

Legal Implications

23. On the basis that OCFC agrees to pay an additional service charge under the lease agreement for the first five years, rather than to receive grounds maintenance as a benefit in kind, officers will amend the draft lease accordingly. The City Executive Board agrees that the draft lease agreed in principle by the North East Area Committee may be varied in this way.
24. The lease will detail a step-in right for OCC if the development ceases to operate, or the conditions of the management agreement are defaulted upon.

Equalities

25. The proposed facilities will be open for community access in line with the agreed hours in the management agreement. The pricing for this access will be agreed between the management steering group.

Financial Implications

26. The proposal is that OCC make a one off, up front grant of £125k in 2010 and that OCFC pay a service fee under the lease of £25k per annum for the initial 5 years of the lease.
27. The main financial implication to the Council is that the £125k

would need to be presented to OCFC at the start of the project in order to secure the funding from the FF

28. The council can find this expenditure by using the remaining £65,000 from the pot of football monies, with the gap covered by savings identified within leisure service budgets. The implications of this would be that football funding would now be fully committed, which may have implications for other potential schemes.
29. The other financial implication would be the risk to the Council if OCFC entered financial difficulty and ceased to operate. At that point OCC would have to make a decision whether to operate the proposed development directly or indirectly in order to maximise profits. A contingency plan is being drafted for this.
30. Proper enquiries have been made and a business case produced to give assurance that this risk is reasonable and manageable.

Risk Assessment

31. The risks to OCC are in the risk register attached. If the award of grant funding is not approved then it is likely that this project will not proceed.

Recommendations

32. To confirm approval of a grant of £125K to the Oxford City Football Club project subject to the terms set out in this report and to other external funding being in place.

**Name and contact details of author: Phil Jones, Focus Sports
Development Officer, Bury Knowle House, Headington, OX3 9HY
Tel; 07771808539**

List of background papers:

Version number: Cross Party Version FFV

Nos.	Raised by	Date Raised	Probability	Impact	Gross Risk Score	Proximity	Description	Mitigation	Owner
OCFC 1	LK	15/09/2009	2	2	4	Short Term	The potential of a legal challenge to a grant agreement which clearly links payment of the grant to entry into a service contract with the grant-giver	OCC currently maintain the majority of club pitches in the city at cost to the council. No action to be taken.	PJ
OCFC 2	LK	15/09/2009	2	4	8	Short Term	The immediate affect on the Council's finances of an additional unbudgeted payment of £125k.	Finance to see if this can be arranged	PJ
OCFC 3	LK	15/09/2009	1	5	5	Long Term	The risk to the Council of OCFC not paying us for the services received at any point in years 1 to 4,	OCFC would be tied into an agreement to pay the council for contract work on the grounds maintenance	PJ
OCFC 4	LK	15/09/2009	3	3	9	Long Term	The Club cease to exist or have no money due to not hitting financial targets/bankruptcy	OCC would take on management of the facility and operate in order to recoup the money	PJ
OCFC 5	LK	15/09/2009	2	4	8	Long Term	Insert some form of legal guarantee, personal or otherwise. What would the legal and PR consequences be of the Council seeking to enforce?	OCC would be hard pressed to hold a personal guarantee on a director. The PR consequences would be very negative to the council	PJ
OCFC 6	PJ	25/09/2009	2	3	6	Short Term	The club enters financial difficulty/administration before the project is completed.	OCC would need to be able to take on the project, complete and operate.	PJ
OCFC 7	PJ	26/09/2009	4	1	4	Imminent	OCFC do not achieve full funding	OCC need to give grant in principle until all funders are agreed	PJ

Appendix 1: Risk Register

Appendix 2: OCFC's Business Plan for the new Artificial Grass Pitch (AGP)

AGP Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Income					
ONDB Sub-Lease Charge	1,000	1,035	1,071	1,109	1,148
FF Revenue Grant	-	-	-	-	-
SE/Other revenue grant	5,000	4,500	4,050	3,645	3,281
Oxford City Club Use	18,000	19,800	21,780	23,958	26,354
Schools, Colleges etc	40,500	44,550	49,005	53,906	59,296
Community Group Hire	27,450	30,195	33,215	36,536	40,190
OXRAD/charities (50% discount)	5,625	6,188	6,806	7,487	8,236
FC Leagues and Tournaments	20,250	22,275	24,503	26,953	29,648
Corporate Hire	-	-	-	-	-
Miscellaneous income (e.g. sponsorship)	-	-	-	-	-
Total Income	117,825	128,543	140,429	153,593	168,151
Expenditure					
Additional lease costs to OCC	4,000	4,140	4,285	4,435	4,590
Buildings maintenance and renovation	3,000	3,105	3,214	3,326	3,443
AGP League running costs	1,905	1,971	2,040	2,112	2,186
AGP Carpet and Floodlight Maintenance	12,000	12,420	12,855	13,305	13,770
AGP Sinking fund	21,000	21,735	22,496	23,283	24,098
AGP Lighting	5,512	6,063	6,670	7,336	8,070
Facility Management	50,000	51,750	53,561	55,436	57,376
Additional cleaning Wages	7,000	7,245	7,499	7,761	8,033
Coaching Programs/Initiatives	2,000	2,200	2,420	2,662	2,928
Total Expenditure	106,417	110,630	115,039	119,656	124,494
Net Profit/Loss	11,408	17,913	25,391	33,937	43,657
Cumulative Profit/Loss	11,408	29,321	54,712	88,649	132,306
Net Profit/Loss - excluding grants	6,408	13,413	21,341	30,292	40,377

Appendix 3; Proposed site plan



Appendix 4; Management Agreement (Draft)

Oxford City Football Club and Oxford City Council Memorandum of Partnership at Court Place Farm

1. This document details the management arrangements within which the partnership of Oxford City Football Club ('OCFC') and Oxford City Council ('OCC') will operate the new all weather pitch at Court Place Farm for the general benefit of the community. This document is referenced within the new Agreement for Lease and Lease of Land at Court Place Farm dated June 2009 and will form part of the final lease and be valid for the whole lease period. It is proposed that this document will evolve with the lease to include and incorporate any items that arise.

2. Management – Partnership Review Meetings

The parties invited to sit on the management board are OCFC, OCC, Oxfordshire FA, Oxfordshire School Sports Partnership, OXSRAD, Oxfordshire Netball Association and the local Neighbourhood Action Group.

Each party will nominate up to two individuals to represent their organisation who will meet regularly together to review progress and management of the scheme – at least on a quarterly basis. The agreed management process will consider and define the notification routes and other decision criteria to ensure smooth working arrangements for the facility to the parties' mutual benefit. Decisions will be determined by majority vote and minutes of the meetings circulated to all Partnership Review members. In the event of a tied vote by board members present the casting vote will be determined by the OCFC Chairman.

3. Responsible Operational Personnel:

OCFC will advise the OCC of the name, address & telephone number on which a designated responsible person can be contacted by OCC at all times. OCC will also supply that reciprocal information to OCFC. Both parties will immediately support each other in cases of emergency. These will include access issues as well as issues with the premises in terms of structural failure, fire, vandalism etc. Both parties will work together and support each other in the interest of customer satisfaction and safety.

4. Access:

OCFC have prime responsibility to ensure access to the site is clearly marked and signposted throughout the period of this partnership. OCC will however work in partnership with OCFC to optimise efficiencies and consistency of safety standards with other OCC facilities.

5. Accounts and Key Performance Indicators:

At the end of each financial year OCFC will present to OCC a full set of accounts of the trading activity of the new development in accordance with the lease terms. The partners will also produce monthly statistics and key performance indicators for consideration quarterly at the Partnership Review Meetings. The KPI's will include measurements of facility use across the community sectors and analysis of revenue and profitability and will be agreed by OCC and OCFC during the budget setting process.

The professionally published accounts will be presented annually in line with OCFC's financial year at the end of May.

6. Concessionary schemes:

All OCC concessionary charge schemes are to be supported by the Partnership at all times. OCFC shall allow any person presenting a Slice Card a 20% discount off the cost of the membership, playing fee or other fee or charge for the new facility developments. As an additional community gesture OCFC will include Bonus Slice Card holders as a valid category for matchday concessionary charges for 1st team league matches at Court Place Farm Stadium (currently half price concessions to students and pensioners).

7. Leisure Strategy:

OCFC will work positively with its partners and make every effort to provide prompt details of potential facilities availability upon enquiry by the OCC Sports Development team. OCFC will work closely with the Partnership team to host and promote community use and events at regular intervals throughout the year. OCFC will actively support the local Northway & Marston community with specific youth programmes designed to improve anti-social behaviour trends. OCFC will also work with the Sports development team in the city to help support OCC initiatives in the wards.

8. Public Access:

OCFC will work in partnership with OCC to provide other local clubs or individuals access to the new sports facilities, offered at reasonable rates agreed annually at the Partnership Review Meetings. OCFC however reserve the absolute right to grant or refuse access subject to club safety rules and regulations and policy.

OCC shall set the fees & charges for the hiring of the stadium grass pitch and maintain facility standards in the first 5 years. Thereafter the fees & charges that are proposed to be set by OCFC for the hiring of the stadium pitch are to be considered and agreed at the Partnership Review Meetings – at all times the joint focus will be on providing essential facilities for the local community at affordable rates.

9. Branding:

Working together OCFC and OCC will develop branding that can be used for publications and other media. This will include the words “in partnership with Oxford City Council” & the OCC logo. OCFC shall include this branding where appropriate in its signage & advertising materials for the new facilities, these materials shall be agreed by OCC prior to distribution. OCC will provide the logo to be used and contribute to costs of any costs incurred by OCFC should the logo change during the period of the lease.

Signed (for Oxford City Council)

Signed (for Oxford City Football Club)

Date

Date

Appendix 5; Performance Indicators

Strategic Link	Performance Measure / Indicator	Actual	Target	+/-	Percentage of Target
Health & Well-being	Total visits - Whole site			0	
	Total visits - Netball Courts			0	
	Total visits - 3G Pitch			0	
	People over 65 visits			0	
	People with disabilities visits			0	
	People on low income visits			0	
	Utilisation of programmed activities			0	
	Utilisation of available prog time			0	
	Number of Slice card uses			0	
	Young People	U 11 visits			0
11-19 visits				0	
School student visits				0	
Children attending Holiday schemes - Netball Courts				0	
Children attending Holiday schemes - 3G Pitch				0	
Economy & Efficiency	Income - Both sites	£	- £	-	£
	Income - 3G Pitch	£	- £	-	£
	Income - Netball courts	£	- £	-	£
	Customer spend per head - Both Sites	£	- £	-	£
	Customer spend per head - Netball Courts	£	- £	-	£
	Customer spend per head - 3G Pitch	£	- £	-	£
Community	Access to Leisure visits			0	
	Club visits			0	
	Ethnic minorities			0	
Customers First	Residents % satisfied with facilities	0%	0%	0.00%	
	Users % satisfied	0%	0%	0.00%	
	Clubs % satisfied	0%	0%	0.00%	
	Schools % satisfied	0%	0%	0.00%	
	Complaints	0	0	0	
	Accidents involving customers	0	0	0	