

# North Tyneside Council

## Report to Council

### Date: 26 July 2012

#### ITEM 6

Title: New Sports Pavilion  
– Foxhunters Playing  
Fields: Addendum report

Portfolio(s): Community and Regulatory  
Services

Cabinet Member(s): Councillor George  
Westwater

Report from Directorate: Finance and Resources

Report Author: Jon Ritchie, Head of Finance

(Tel: (0191) 643  
5800)

Wards affected: All

#### PART 1

##### 1.1 Purpose:

The purpose of the report is to provide additional financial information in relation to agenda item 5 from the Council meeting held on 4 July 2012, which was deferred to be reconsidered at this Council meeting.

##### 1.2 Recommendation(s):

It is recommended that Council:

- (1) Note the further information contained in this addendum report;
- (2) Endorse the proposed development of a new sports pavilion and associated facilities at Foxhunters Playing Fields, in accordance with the scheme described in this report; and
- (3) Approve the scheme being moved from the Capital Plan reserve list on to the main Capital Plan and the additional borrowing of up to £1.087m and approve the increase to the prudential indicators that will be necessary as a result of the additional borrowing.

##### 1.3 Forward Plan:

This addendum report does not appear on the Forward Plan as it arises from a Council decision taken on 4 July 2012, after the Forward Plan had been published.

##### 1.4 Council Plan and Policy Framework

This substantive report on the scheme relates to Priority 1, item 9 in the Council Strategic Plan 2012-2015.

## **1.5 Information:**

### **1.5.1 Background**

Council considered the Foxhunters Playing Fields scheme at its meeting on 4 July 2012. As part of the financing of the scheme, the Council was asked to approve additional unsupported borrowing of £1.087m. This borrowing, together with external grant funding from the Football Foundation (£372,000) and a contribution from Whitley Bay Football Club (£50,000), provided the financing for the scheme to proceed.

Approval of the overall scheme is required by 31 July 2012 to secure the Football Foundation grant.

While all parties indicated their full support for the scheme, concerns were raised at the Council meeting about the overall level of unsupported borrowing, so the decision was deferred to allow alternative financial considerations to be undertaken.

For the avoidance of doubt, the comments made in the financial implications section of the main report remain valid, which confirmed that the scheme was affordable. These are replicated in section 2.1 of this report.

### **1.5.2 Alternative financial considerations**

A further review has been undertaken by officers in Cultural and Customer Services and Finance to investigate whether there were further options available that would allow the scheme to proceed without the need for unsupported borrowing.

This confirmed the original view, which was that there was no further external funding available, especially within the timescales required for this approval by 31 July 2012. However, as already noted in paragraph 1.5.5 of the original report, further external funding will continue to be explored prior to the completion of the project, which would reduce the level of unsupported borrowing required.

### **1.5.3 Capital Plan borrowing levels**

The Capital Plan for 2012-2022 was approved by Council on 1 March 2012. Appendix B to the Combined Labour Liberal Democrat Alternative Budget Proposal sets out the levels of unsupported borrowing for 2012/13 and the full 10-year period of the plan (details are included in Table 1 below).

The Capital Plan has been subject to revisions at the March and June 2012 Cabinet meetings, when reprogramming of schemes were approved. For clarity of this report, these additional changes are not detailed further in this report or the following table as they relate only to timing changes between financial years.

There have been two Cabinet decisions in the current financial year that relate to the Capital Plan and new schemes for 2012/13. The first is this decision on Foxhunters Sports Pavilion which Cabinet has referred to Council for approval of the level of borrowing. The second is the North Shields Customer First Centre, which Cabinet approved at its meeting on 11 June 2012.

In order to assess the overall unsupported borrowing levels within the Capital Plan, it should be noted that the revised North Shields Customer First Centre financing arrangement saw the scheme brought forward from 2013/14, but with a reduced level of

unsupported borrowing compared to the level included in the Capital Plan approved by Council on 1 March 2012.

Table 1 below sets out the revised Capital Plan financing arrangements as a result of these 2 schemes:

**Table 1: Unsupported borrowing**

<b>Date</b>	<b>Decision</b>	<b>2012/13 £m</b>	<b>2012-22 £m</b>
1/3/12	Council budget approved - Unsupported borrowing	0.000	36.905
11/6/12	Cabinet approves the North Shields Customer First Scheme (in 2012/13 rather than 2013/14) - Add: New unsupported borrowing - Less: Original unsupported borrowing (2013/14)	0.950 0.000	0.950 (2.700)
26/7/12	Council proposal for Foxhunters development - Add: New unsupported borrowing	1.087	1.087
	<b>Revised Council budget</b> - <b>Unsupported borrowing</b>	<b>2.037</b>	<b>36.242</b>

This demonstrates that whilst there is an increase of £2.037m unsupported borrowing in the current financial year, the level of unsupported borrowing over the 10-year period of the plan reduces by £0.663m to £36.242m.

In conclusion, when the 10-year period of the Capital Plan is considered, the Foxhunters scheme can proceed without increasing the level of unsupported borrowing in the revised Capital Plan.

## 1.6 Decision options:

The following decision options are available for consideration by Council:

### Option 1

To note the additional financial information provided in this addendum report to allow the main report on the scheme to be considered.

### Option 2

To request additional information on the financing of the scheme before considering the main report on the scheme.

Option 1 is the recommended option.

## 1.7 Reasons for recommended option:

Option 1 is recommended as the external funding from the Football Foundation is time-limited, requiring confirmation that the scheme is progressing prior to its deadline of 31 July 2012.

## **1.8 Appendices:**

Appendix 1 – Substantive report considered at Council meeting on 4 July 2012.

## **1.9 Contact officers:**

Jon Ritchie, Head of Finance. Tel (0191) 643 5800

Paul Gowans, Head of Cultural and Customer Services. Tel (0191) 643 7401

## **1.10 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) Appendix B to the Composite Labour Liberal Democrat Groups Alternative Budget (P)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Failure to approve the scheme by the 31 July 2012 would result in the withdrawal of the Football Foundation grant offer. It could also have a detrimental impact on any future grant applications that the Council may wish to make to that organisation.

The financial implications from the main report are also replicated here for reference.

Given the proposed start date of August 2012 and build time of 38 weeks it is likely that borrowing would be profiled towards the end of the year. However, assuming an average 6 months borrowing for the total contract value, the maximum interest charge would be £0.027m in 2012-13. In 2013-14 the full year's interest charge of £0.054m would apply and from 2014/15 an additional amount would also be required each year for the Minimum Revenue Provision (MRP), taking the total annual revenue charge for the scheme to £0.079m.

As this project is not currently included in the capital budget for 2012-13 additional unsupported borrowing of £1.087m is required to fund it. To the extent that the interest cannot be covered by any possible slippage in-year of projects within the capital programme, the interest charge for 2012/13 would need to be found from the Strategic Reserve. Prudential Indicators including the Capital Financing Requirement (CFR) would need to be amended to reflect the increased borrowing. The additional budget requirements for future years would be built into the Council's Strategic Plan and Budget process for 2013-15.

### **2.2 Legal**

There are no additional legal implications directly arising from this addendum report.

### **2.3 Consultation/community engagement**

#### **2.3.1 Internal Consultation**

Details of the consultation undertaken on the scheme overall has been detailed in the main report.

### 2.3.2 External Consultation/Engagement

Details of the consultation undertaken on the scheme overall has been detailed in the main report.

### 2.4 Human rights

There are no human rights implications arising from this report.

### 2.5 Equalities and diversity

There are no equality and diversity implications arising from this report.

### 2.6 Risk management

There are no relevant risk management implications arising from this report.

### 2.7 Crime and disorder

There are no relevant crime and disorder implications arising from this report.

### 2.8 Environment and sustainability

There are no implications relating to the environment and sustainability directly arising from this report.

## PART 3 - SIGN OFF

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager for Policy and Partnerships

**North Tyneside Council  
Report to Council  
Date: 28 June 2012**

**ITEM #**

**Title: New Sports Pavilion  
– Foxhunters Playing  
Fields**

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**Portfolio(s): Community and Regulatory  
Services**

**Cabinet Member(s): Councillor George  
Westwater**

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**Report from Directorate: Community Services**

**Report Author: Paul Gowans, Head of Cultural and Customer Services (Tel: (0191) 643 7401)**

**Jon Ritchie, Head of Finance (Tel: (0191) 643 5800)**

**Wards affected: Cullercoats, Collingwood, Monkseaton  
South**

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**PART 1**

**1.1 Purpose:**

The purpose of the report is to inform Council of the proposals for a new sports pavilion at Foxhunters Playing Fields, and to seek Council's endorsement of the scheme and approval of the financial implications associated with supporting the scheme, as detailed in the report.

**1.2 Recommendation(s):**

It is recommended that Council:

- (1) Endorse the proposed development of a new sports pavilion and associated facilities at Foxhunters Playing Fields, in accordance with the scheme described in this report;
- (2) Approve the scheme being moved from the Capital Plan reserve list on to the main Capital Plan and the additional borrowing of up to £1.087m and approve the increase to the prudential indicators that will be necessary as a result of the additional borrowing.

**1.3 Forward Plan:**

This report does not appear on the current Forward Plan as the decision to refer this matter to Council was taken at Cabinet on 11<sup>th</sup> June after the publication of the Forward Plan consequent to a grant offer received by the Council on 6<sup>th</sup> June 2012.

**1.4 Council Plan and Policy Framework**

This report relates to Priority 1 item 9 in the Council Strategic Plan 2012-2015.

## **1.5 Information:**

### **1.5.1 Background**

Foxhunters Playing Fields are the Borough's single biggest playing field area. In 2005 the changing facilities at the site were condemned and demolished. Since then there have been no appropriate changing facilities at this site with teams using metal cabins for changing and shelter. Since that time Council officers have been seeking alternative, permanent facilities for the site.

Following the successful opening of East Palmersville Pavilion in November 2010 officers from Cultural and Customer Services were asked to consider the options and feasibility of providing a similar facility for Foxhunters Playing Fields. Subsequently, on completion of the feasibility study, a report was provided to the Major Projects Group in August 2011 who included the scheme on the Capital Plan reserve list pending a submission to the Football Foundation for grant funding and an associated planning application.

### **1.5.2 The Proposals**

The proposed new facilities include a sports pavilion with six changing rooms, officials' changing rooms, a first aid room, a large community room, a kitchen, office and meeting rooms, toilets and storage. Additionally, externally, a large all weather pitch and a newly drained grass pitch with a spectator rail would be provided as well as car parking facilities. A drawing of the scheme is attached as **Appendix 1**. The facility specifications are in line with Football Association guidelines and have been approved by the Football Foundation.

### **1.5.3 The Football Partner**

The proposed football partner for this project is Whitley Bay Football Club (Whitley Bay FC) which is one of the largest football clubs in the Borough. Officers from Cultural and Customer Services have been in dialogue with Whitley Bay FC for a number of years in relation to helping the club develop their facilities and in particular seeking a suitable site for all of the Club's current 23 junior teams.

The proposal would address this issue, as well as providing high quality facilities and a base for its successful senior ladies team and senior reserve team. It should be noted that Whitley Bay FC is committed to using the facilities for sports other than football, as well as other youth and community activities.

If the facility is built it is proposed that it would be leased to Whitley Bay FC on a long term basis. As part of the bid to the Football Foundation Whitley Bay FC has submitted a business plan which indicates that there would be no additional revenue implication for the Council arising from the management and operation of the facility. Whitley Bay FC has also agreed to contribute £50,000 towards the capital cost of the scheme.

The Council has previously helped other clubs across the Borough establish similar facilities, for example, Killingworth Young Peoples Club, Wallsend Boys Club at Bigges Main, Forest Hall Juniors at East Palmersville and Wideopen Juniors at Lockey Park. Support is also currently being given to Wallsend Rugby Club to help them establish a new permanent base and improved facilities.

#### 1.5.4 Planning

Planning permission for the scheme was granted on 17 January 2012. As a consequence of the planning conditions the provision of a light controlled pedestrian crossing on North Preston Road is required. It is estimated that this will cost in the region of £80,000. The crossing must be in place prior to the completion of the project.

#### 1.5.5 The Funding Partners

As well as the £50,000 committed to the scheme by Whitley Bay FC, a bid to the Football Foundation for £350,000 was submitted in December 2011. Approval for this bid was given by the Football Foundation at a meeting of its board on 23 May 2012. In addition to the funding for the pavilion and all weather pitch, the Football Foundation have also agreed to provide funding of £22,000 to provide a low level fence around the site to prevent vehicle access to protect the playing fields. A written offer of funding was received on 6 June 2012. This offer must be accepted by the Council by 31<sup>st</sup> July 2012. Over and above this, officers from Cultural and Customer Services will continue to explore other options for external funding prior to the completion of the project.

#### 1.5.6 The Cost

A cost of £1,407,000 has been agreed with Kier North Tyneside for the development of the pavilion and associated facilities as well as £22,000 for the new fencing. In addition, it is anticipated that a new light controlled crossing will cost in the region of £80,000 giving a total cost of £1,509,000. External funding from Whitley Bay FC (£50,000) and The Football Foundation (£372,000) therefore leaves a balance of £1,087,000 to be funded from the Council's Capital Plan. If further external funding is secured the cost to the Council would reduce proportionately.

At its meeting on 11 June Cabinet resolved to accept the offer of grant funding of £372,000 from the Football Foundation for a new sports pavilion, and authorised the Head of Cultural and Customer Services, in consultation with the Strategic Director of Finance and Resources and the Head of Legal, Governance and Commercial Services, to agree the terms and conditions of the grant award. Cabinet acknowledged the implications arising from the Council's proposed financial contribution to the scheme, and recommended to Council to endorse the scheme and approve the associated financial implications including approval to borrow £1.087m and to agree to move the project from the capital reserve list to the main Capital Plan.

#### 1.5.7 The Timescales

Should Council, agree the recommendations of this report it is hoped that the project can start in August 2012 with an approximate 38 week building programme. This would enable major structural work to take place during favourable weather, with internal fit out and finishes taking place over the winter when the building would be weather proof.

### 1.6 **Decision options:**

The following decision options are available for consideration by Council:

#### Option 1

To support the development of a new sports pavilion and associated facilities at Foxhunters Playing Fields and to agree to the scheme being moved from the Capital



Plan reserve list on to the main Capital Plan and the additional borrowing of up to £1.087m.

### Option 2

Not to support the development of a new sports pavilion and associated facilities.

Option 1 is the recommended option.

#### **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

Foxhunters Playing Fields is the Borough's biggest single playing field area. There have been no proper changing rooms at this site since 2005. This project will provide state of the art changing and community facilities and provide a base for Whitley Bay FC Juniors and other teams. In addition to football this facility will provide a flexible space for wider community and youth activities. Similar schemes have been successful in other areas of the Borough.

#### **1.8 Appendices:**

Appendix 1: Plan of the proposed development.

#### **1.9 Contact officers:**

Paul Gowans, Head of Cultural and Customer Services. Tel: (0191) 6437401.

Jon Ritchie, Head of Finance. Tel (0191) 6435800.

Paul Youlden, Senior Manager for Sport and Leisure. Tel: (0191) 6437430.

Alison Campbell, Financial Business Manager. Tel: (0191) 6437038.

#### **1.10 Background information:**

- (1) Grant of planning permission dated 17 January 2012.
- (2) Bid to the Football Foundation including Business Plan and letter of commitment by Whitley Bay FC.
- (3) Final Tender summary from Kier North Tyneside.
- (4) Report to Major Projects Group August 2011.
- (5) 2012-15 Service and Spending Review process capital business case for Foxhunters Pavilion.
- (6) Report to Cabinet June 11 2012.
- (7) Offer letter from The Football Foundation dated 31 May 2012.

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Given the proposed start date of August 2012 and build time of 38 weeks it is likely that borrowing would be profiled towards the end of the year. However, assuming an average

6 months borrowing for the total contract value, the maximum interest charge would be £0.027m in 2012-13. In 2013-14 the full year's interest charge of £0.054m would apply and from 2014/15 an additional amount would also be required each year for the Minimum Revenue Provision (MRP), taking the total annual revenue charge for the scheme to £0.079m.

As this project is not currently included in the capital budget for 2012-13 additional unsupported borrowing of £1.087m is required to fund it. To the extent that the interest cannot be covered by any possible slippage in-year of projects within the capital programme, the interest charge for 2012/13 would need to be found from the Strategic Reserve. Prudential Indicators including the Capital Financing Requirement (CFR) would need to be amended to reflect the increased borrowing. The additional budget requirements for future years would be built into the Council's Strategic Plan and Budget process for 2013-15.

## **2.2 Legal**

Council's approval is required for Council borrowing in excess of £1m in relation to any particular scheme, and for moving a scheme from the Capital Plan reserve list to the main Capital Plan.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

There has been consultation with and briefings to the Council's Major Projects Group as well as the Council's Highways and Planning teams.

Relevant Ward Councillors were briefed on Monday 25<sup>th</sup> June 2012.

### **2.3.2 External Consultation/Engagement**

There has been ongoing engagement with Whitley Bay FC, Northumberland FA, Sport England and The Football Foundation.

Statutory consultation was carried out as part of the planning application for the new pavilion. The new facilities particularly the extended parking facilities and the new pedestrian crossing will be of wider benefit to local residents. Whitley Bay FC will carry out further consultation as the scheme progresses with the local community in relation to activities available at the new pavilion.

## **2.4 Human rights**

There are no human rights implications directly arising from this report.

## **2.5 Equalities and diversity**

There are no equality and diversity implications arising from this report.

## **2.6 Risk management**

There are no relevant risk management implications arising from this report.

## **2.7 Crime and disorder**

There are no relevant crime and disorder implications arising from this report.

## 2.8 Environment and sustainability

There are no implications relating to environment and sustainability directly arising from this report.

### PART 3 - SIGN OFF

- Strategic Director(s)  X
- Chief Executive  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Strategic Manager for Policy and Partnerships  X

