

NORTH DEVON COUNCIL

Minutes of a special meeting of Executive held at Barum Room - Brynsworthy Environment Centre on Tuesday, 26th February, 2019 at 2.00 pm

PRESENT: Members:

Councillor Brailey (Leader)

Councillors Barker, R Cann, Edgell, Jones, Lane, Luggar, Meadlarkin, Moores and Yabsley

Officers:

Chief Executive, Head of Resources, Head of Corporate and Community Services, Contract Delivery Manager, Head of Place, Project and Procurement Officer and Parks, Leisure and Culture Officer

Also Present:

Councillors Edmunds, Moore, Spear and Worden

110. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

111. LEADER'S ANNOUNCEMENTS

The Leader reminded Members and Officers present of the housekeeping procedure rules.

112. DECLARATIONS OF INTERESTS

There were no declarations of interest announced.

113. EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS

RESOLVED:

- (a) That under the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended), as made under the Local Government Act 2000, the public and press be excluded from the meeting as it involved the likely disclosure of exempt information as defined by Paragraph 3 Part 1 of Schedule 12A of the Act (as amended from time to time), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

- (b) That all documents and reports relating to the item be confirmed as "Not for Publication".

114. LEISURE PROVISION AT SEVEN BRETHREN

The Executive considered a report by the Contracts Delivery Manager (circulated previously), the options and/or alternatives and other relevant facts set out in the report regarding Leisure Provision at Seven Brethren.

The Executive noted the following typographical errors in the report:

- Paragraph 2.2 – be amended to "That Executive approve the following:"
- Paragraph 4.5 – second line be amended to "20m x 8.5 m learner pool"

The Head of Place provided the Executive with an update on the Seven Brethren project.

The Contracts Delivery Manager and Parks, Leisure and Culture Officer highlighted the following:

- Analysis of the current leisure provision in North Devon.
- Proposals for a new Leisure Centre provision submitted by the tenderer.
- Leisure Centre usage over the past 12 months.
- Leisure Centre current usage groups
- Costs and sources of external funding.
- Prudential borrowing requirements for the Council.
- Further opportunities available to the Council in relation to borrowing, costs and contract clauses.
- In addition to the construction costs a budget was required for fixtures, fittings, equipment, soft landscaping and planning related fees. The contractor would then be responsible for ensuring that equipment was maintained and kept up-to-date.

In response to questions, the Contracts Manager advised the following:

- The new Leisure Centre provision would complement the Tarka Tennis Centre, Falcon Gymnastics Academy and the new Artificial Grass Pitch.
- The car park would still be owned by the Council and the current number of car parking spaces would be re-provided on the new site.
- Appropriate bonds and insurances would be in place for the Council should the construction company or contractor become bankrupt at any stage.
- The reasons why some contractors had pulled out of the tendering process.
- The business case would include all works required at the Ilfracombe Swimming Pool.

The Head of Resources highlighted the following:

- Revenue Budget for 2019/20 and potential risks for future funding in relation to Business Rates Retention and the New Homes Bonus.
- Local Government Finance funding reforms planned for 2020/21 and uncertainty over future funding.
- Reminder of the business Cases for capital funds which had been approved by Council on 25th February 2019 and the Council's borrowing requirements for some of these projects.
- The overall Capital Programme approved by Council on 25th February 2019.
- Capital funding and future borrowing costs for the existing programme commitments. The new administration would need to challenge the future planned capital expenditure to bridge the gap at an early stage.
- Medium Term Financial Strategy for 2019-23 approved by Council on 25th February 2019 and forecast budget gaps for the period.
- 10 Year Capital Strategy 2020-29 approved by Council on 25th February 2019 and impact this had on the future revenue budget gaps to 2028/29.
- The Council's current position in relation to financing and potential borrowing requirements for the proposed Watersports Centre in Ilfracombe.
- Leisure Centre – where we started and the original business plan.
- Leisure Centre – where we are now in relation to financing the project and the breakdown of potential funding as detailed in paragraph 5 of the report.
- Financing of the project subject to the final build priced submission and external funding bids being confirmed.
- Leisure Centre financial modelling as detailed on page 7 of the report and to be considered in light of highlighted risks, assumptions made and the uncertainty around local government funding changes on the horizon.
- Financial model context.
- Financial model risks which included the already projected revenue budget funding gap as detailed in the 10 Year Capital Strategy.
- Risks of not proceeding with the project.

In response to questions, the Head of Resources highlighted the following:

- Borrowing projections and costs were be modelled over 40 years in line with the life of the asset. A treasury management plan would be produced which could include different tranches of borrowing. The Council would look at the most cost effective method of borrowing and would be reviewed during the 40 year period.
- The financial model did not include inflation, however the contract would allow for inflation.

In response to a question, the Head of Place advised that the Communities Coastal Fund had confirmed the original funding for the Watersports Centre and written confirmation would be received by the end of March 2019 in relation to the additional funds applied for. The deadline for tenders was 12th March 2019 and it was anticipated that further work could be undertaken to reduce the costs further and therefore reduce the funding gap. Enquiries would be made into whether the Council could apply for funding from Fullabrook CIC.

DECISION

- (a) That the report, financial modelling and the associated risks with the project be noted;

RECOMMENDED

- (b) That, subject to the authority being successful in drawing down £3.25m of external funding, the following recommendations be made to Council so that the project can be delivered:
 - (A) Banked Section 106 funding be allocated as detailed in paragraph 5.2 of the report;
 - (B) Future Section 106 funding be allocated as detailed in paragraph 5.3 of the report;
 - (C) Capital Programme be varied and be funded as detailed in paragraph 5 of the report;
 - (D) The authorised borrowing limit forecast be increased for 2020/21 as detailed in paragraph 4.18 of the report.

REASONS FOR DECISION

- (a) This project is a corporate priority and helps to achieve the aims of the NDC Leisure and Health Strategy, securing future strategic leisure provision for North Devon residents and supports a wet-weather attractions for visitors.
- (b) North Devon Leisure Centre is no longer fit for purpose and there are £2.8million worth of known remedial works required to keep it operational beyond 2020. If the decision was to delay for 12 months we would need to identify what, if any, expenditure would be required in that timeframe.
- (c) If a new facility is not delivered, it is highly likely that North Devon will not have a recognised leisure centre in the long term future. This will displace the current users who average 420,000 visits a year. These users include the RNLI, RNB Chivenor, Barnstaple Swimming Club, Saunton Surf Life Saving Club, Woolacombe Surf Life Saving Club, numerous local schools, disability groups and many others.
- (d) The Council's core funding from central government is being reviewed and reset for 2020/21 year through the Government's Fair Funding Review. This could result in lower overall funding to support Council services than that currently factored into the Medium Term Financial Strategy.

Chairman

The meeting ended at 4.14 pm

NOTE: The above decisions shall not take effect until the five clear working days have elapsed from the date of publication: Thursday, 28 February 2019