

<b>Subject:</b>	Capital Expenditure	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	17 <sup>th</sup> July 2019
<b>Report of:</b>	Finance Manager	<b>Portfolio Holder:</b>	Portfolio Holder for Resources
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
	That Members agree to the financing and/or purchasing of gym equipment for Haslingden Adrenaline Centre up to a value of £250k, repayable by Rossendale Leisure Trust in the form of rent or similar over 5 years.

## 2. PURPOSE OF REPORT

2.1 The purpose of the report is to seek approval for capital expenditure, financing and part funding in support of Rossendale Leisure Trust (RLT).

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A clean and green Rossendale:** our priority is to keep Rossendale clean and green for all of Rossendale's residents and visitors, and to take available opportunities to recycle and use energy from renewable sources more efficiently.
  - **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
  - **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Financial sustainability and covenant strength of RLT – recent years has seen RTL moving into an annual operating financial surplus. Current RLT reserves total £113k. the refresh of gym equipment will aid the further financial success of RLT.
  - Governance – The loan request has been formally requested and minuted by the RTL Board
  - Procurement - RLT has undertaken a robust tender exercise with 8 returns being received and 5 interviewed before choosing the winning bid.
  - Council Cash resources – Council has adequate resources in which to assist RLT. The support is given at a fixed interest rate of 1.25% (base rate + 0.5%)
  - VAT implications: RTL is not able to recover all VAT incurred on it expenditure. Therefore, the structure of the purchase and financing arrangements will take account of the VAT implications for both Council and RLT to ensure they are as efficient as possible for both parties.

## 5. BACKGROUND AND OPTIONS

- 5.1 Rossendale Leisure Trust has requested that the Council support them in the purchase and financing of replacement gym equipment and alterations for Haslingden's Adrenaline Centre. The Council has agreed to similar arrangements in the past and the Trust has consistently repaid the amounts due each year. Officers recommend approving the purchase and financing at a value of up to £250k, repayable by the Trust in the form of a rental over 5 years from the implementation date, on a fixed interest basis of 1.25% per annum. The Board of RTL has agreed to use £50k of its cash backed reserves as a contribution to the refurbishment programme with the balance being repaid over a 5 year period. The repayment arrangements will therefore include an initial deposit, bond or similar contribution of at least 1/6<sup>th</sup> of the final capital cost (therefore, the RBC required funding will be 5/6<sup>th</sup> of the final capital Value).
- 5.2 Officers recommend approving the purchase and financing at a value of up to £250k, repayable by the Trust in the form of a rental over 5 years from the implementation date, on a fixed interest basis (1.25%), including the initial deposit, bond or similar contribution of at least 1/6<sup>th</sup> of the final capital cost (therefore, the RBC required funding will be 5/6<sup>th</sup> of the final capital Value).
- 5.3 Subject to final Member approval, Officers will also amend the next update of the Council's Treasury Management strategy to allow for similar future financial support initiatives – the final maximum values yet to be confirmed.

### COMMENTS FROM STATUTORY OFFICERS:

#### 6. SECTION 151 OFFICER

- 6.1 Financial matters are noted in the report.

#### 7. MONITORING OFFICER

- 7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

#### 8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

- 8.1 Unless specifically commented upon within the report, there are no implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy section.

#### 9. CONCLUSION

- 9.1 Supporting the capital expenditure and its financing will help maintain the financial success of RLT.

Background Papers	
Document	Place of Inspection
<i>Not Applicable</i>	