

**Report To:** **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

**Date:** 30 November 2015

**Executive Member / Reporting Officer:** Councillor Lynn Travis  
Angela Hardman – Director of Public Health

**Subject:** **HYDE LEISURE PHASE 2 – OPTIONS APPRAISAL**

**Report Summary:** This report sets out the historical context of Phase 2 of the Hyde proposals, which were originally put forward in 2011. Since then,

1. The financial climate of Local Government has tightened considerably, such that the revenue cost of schemes funded by the Council, is subject to intensive scrutiny to produce revenue savings;
2. A bid for match funding has not been successful, requiring Phase 2 to be recast, with an accompanying guarantee of deliverability in its changed form;
3. Other leisure/health developments have come into existence since 2011, competing for scarce resources, such as the Phase 2 funds, which could be evaluated as part of the 2016-19 Capital Budget, to be agreed in February.

Although 0.405m remains in the 2015/16 Capital Programme, the report assesses the risk and benefits associated with the three options available in relation to this scheme and the wider context outlined above

It gives due consideration to providing value for money, and the likely impact of any proposal on the health and wellbeing of the Tameside population.

**Recommendations:** That the Strategic Planning and Capital Monitoring Group consider this proposal as a new capital scheme which will require borrowing to finance the related expenditure. The associated annual borrowing repayments will incur additional expenditure for the Council for which there is no provision within the Medium Term Financial Strategy.  
There are three options presented within section 2 of the report for consideration.

**Links to Community Strategy:** The Community Strategy 2012-22 (and the Corporate Plan 2013-18) outlines the priorities for improving the borough of Tameside.

This proposal directly links to the Tameside Sustainable Community Strategy objective of 'Healthy Tameside'.

**Policy Implications:** This proposal supports the Tameside Health and Wellbeing Strategy and, specifically the strategic priority pertaining to reducing Physical Inactivity and improved Physical Activity

levels across the Borough.

**Financial Implications:**  
**(Authorised by the Section 151 Officer)**

Borrowing will be required to support related expenditure associated with this scheme if option 1 is approved. The associated annual borrowing repayments will incur additional expenditure for the Council for which there is no provision within the Medium Term Financial Strategy. There is additional financial risk for the Council with option 1 as there are doubts over Hyde United FC's ability to generate £0.025m per year over a ten year period (total £0.250m) to fund associated repairs to the pitch. Failure on the part of Hyde United FC would result in the Council needing to fund any outstanding balance. Again there is no provision for this potential additional expenditure within the Council's Medium Term Financial Strategy.

Option 2 would avoid any further financial liability for the Council as no additional borrowing would be required.

Option 3 would be subject to a separate decision for the Council but would again require additional borrowing with associated annual borrowing repayments which will incur additional expenditure for the Council. There is no provision for this expenditure within the Medium Term Financial Strategy.

Members are recommended to consider the associated benefits and risks provided for each option in detail and duly note that the Council is required to reduce annual expenditure over the immediate and medium term on a recurrent basis. Options 1 and 3 will lead to an additional expenditure liability.

It should be noted that there is a separate call on this £400K allocation to buyout the lease to make the Club more secure and tenable.

**Legal Implications:**  
**(Authorised by the Borough Solicitor)**

The Council needs to ensure that where it invests in the provision for sport and health and wellbeing across the borough it is both sustainable and that it will have a significant impact on addressing health inequalities. There is a statutory duty to address health inequalities and powers to provide sports facilities. To do this it will be necessary to look at the complex existing infrastructure that needs to be balanced financially in light of significant budget cuts.

**Option 1: Hyde United FC Synthetic Pitch**

The Key Decision of 22 June 2011 authorised the use of the money to improve health and wellbeing in Hyde through partnership with Active Tameside and Hyde United FC.

This option involves putting £405,000.00 into a property which, whilst owned by the Council, is leased to a private football club. The Council would need to ensure that it could guarantee access too and use of the pitch if it is to see any health and wellbeing benefit to the wider public of Tameside.

There are doubts over Hyde United FC's ability to put aside £25,000.00 per year over a ten year period (total £250,000.00) to fund repairs to the pitch. Failure on the part of Hyde United FC would result in the Council needing to fund the difference.

If Option 1 is selected, it is crucial that a robust process is undertaken and all necessary contractual arrangements are put in place to ensure that this project is delivered on time and within budget and secures the use of the pitch for the wider public of Tameside (in order to deliver health and wellbeing benefits).

### **Option 2: Utilise Money Elsewhere**

The Key Decision of 22 June 2011 authorised the use of the money to improve health and wellbeing in Hyde. The Council must be mindful of its statutory duties to address health inequalities.

In selecting Option 2 the Council would need to ensure that neither Option 1 nor Option 3 significantly improves health and wellbeing; or, due to significant budget cuts there is a greater need for use of the money elsewhere, although this would not preclude future use of the money for health and wellbeing projects.

### **Option 3: Invest in other Health and Wellbeing Projects**

The Key Decision of 22 June 2011 authorised the use of the money to improve health and wellbeing in Hyde through partnership with Active Tameside and Hyde United FC.

Option 3 represents a refinement to Option 2. By selecting this option the Council is deciding not to use the money for the purposes set out in the Key Decision of 22 June 2011, but is choosing to keep the allocation of funding available for health and wellbeing projects, although only within the Active Tameside Review.

If the Council selects Option 3 then it must be satisfied that the money is not better used elsewhere, whether in the provision of sports otherwise and then a robust process must be undertaken to ensure that the money is used to increase levels of activity required and have a sustained impact on health.

#### **Risk Management:**

This report sets out the key risks and benefits of the proposals in order to support local decision-making.

#### **Access to Information:**

The background papers can be obtained from the author of the report, David Boulger, by:



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## 1. INTRODUCTION

1.1 On 22 June 2011 Tameside Council approved, following a Key Decision, a £1.0m capital investment scheme for Hyde.

1.2 Phase 1 of this scheme incorporated plans to:

- Re-drain and resurface the natural turf pitch at Hyde United FC / Walker Lane.
- Reclaim and clear redundant land between the Leisure Pool and Hyde United FC.
- Extend the existing Active Hyde Leisure Pool car park to provide 198 spaces.
- Install a Multi-Use Games Area at Millennium Green.

1.3 The above works were successfully completed in December 2011 at a cost of £0.595m leaving a residual balance of £0.405m in the 2015/16 capital programme.

1.4 The Council decision also made provision for a phase 2 element which included the development of facilities at Hyde United FC including a synthetic 3G pitch and a community building. The original planned completion date for Phase 2 was July 2012.

1.5 In order to successfully deliver phase 2 it was envisaged that the Club would seek a match funding capital contribution from the Premier League's Community Fund. It was agreed that once the outcome of the Community Fund bid was known a further report would be presented to the Council to approve the start of phase 2.

1.6 Due to the considerable time lapse that since ensued, the matter was considered at the Joint Meeting of the Council's Executive Cabinet and Overview (Audit) Panel on 12 February 2014.

1.7 At the meeting it was resolved that:

***Hyde United FC be given a deadline of 31 March 2014 to confirm that the necessary funding from the Football Foundation is in place for the scheme. If a definitive guarantee was not provided by 31 March 2014, then the Council's capital support for the scheme would be withdrawn.***

1.8 Funding was not secured by the deadline established above, and on 14 July 2015 the Council received notification from the club that its bid to the Football Foundation had been unsuccessful.

1.9 The club, having considered its options, is now seeking financial and technical support from the Council to utilise the capital funding to convert the current stadium pitch to a synthetic surface in time for the start of the 2016/17 football season at a cost of £0.405m.

1.10 The club has no match funding and the entire financial liability for the scheme would be with Tameside Council.

1.11 Whilst there is an allocation of £0.405m within the 2015/2016 capital programme, Members should note that any approved proposal will need to be financed by borrowing which will require the related annual revenue repayment. There is no provision within the Council's Medium Term Financial Strategy for this additional expenditure.

## 2 OPTIONS APPRAISAL

2.1 The primary options available to the Council are:

- Progress the proposal requested by Hyde United FC and utilise the remaining capital funding (£0.405m) to convert the pitch at Hyde United FC to a synthetic surface.
- Withdraw the capital funding allocation from the approved capital programme.
- Retain the capital funding allocation, but utilise it as part of the wider capital investment programme to support the appraisal of the Tameside Sports and Leisure facilities portfolio within the Active Tameside strategic review.

**Option 1 - Utilise the remaining capital funding (£0.405m) to convert the pitch at Hyde United FC to a synthetic surface.**

2.2 Benefits

- This proposal would potentially increase community use of the facility (although at this stage it is not clear to what extent)
- This proposal would potentially make available a piece of adjoining land (the former site of Leigh Primary School) for disposal (although it should be noted that this area of land is designated green belt). The land is currently used by the football club for training purposes as the official pitch cannot sustain use for training and matches. The synthetic pitch would be used for both official matches and associated training.

2.3 Risks

- The club has no available match funding and no financial reserves. As such, the entire financial liability for the scheme would be with Tameside Council.
- It is not expected that the Council would benefit from any community use revenue generated.
- The club would need to generate at least £0.025m per year (for a 10 year period) for routine maintenance of the surface. Evidence suggests that this would pose a considerable financial challenge for the club. Members should note that the Council would be liable for related maintenance expenditure which is not financed by the football club during this ten year period. There is no provision for this expenditure within the Council's Medium Term Financial Strategy.
- If the development went ahead, the club could not be promoted to the National Conference League based on the latest FIFA guidance. Currently, the club has no aspirations to be promoted back to the National Conference League. However, this may change under any new regime at the club resulting in the need to reinstate a grass pitch.
- There is a reputational risk to the Council that such an investment, in a period of such considerable financial challenge, could be viewed as profligate by the general public.
- This proposal is unlikely to have any significant impact upon the health and wellbeing of the wider Hyde and Tameside communities.
- The timeline for completion, to enable the new surface to be in place for the start of the 2016/17 football season, is short and the risk of aborting the project at considerable cost to the Council remains. This risk is exacerbated by the history of previous delays to this project.

**Option 2 - Withdraw the capital funding allocation from the approved capital programme.**

2.4 Benefits

- This would avoid any further financial liability for the Council as no additional borrowing would be required.

2.5 Risks

- This would not add any value to the Tameside Sports and Leisure offer which is a cornerstone of the Tameside Localities Plan as an enabler of improving health, and reducing demand. As such, it could be seen as a missed opportunity.

**Option 3 - Retain the capital funding allocation, but utilise it as part of the wider capital investment programme to support the appraisal of the Tameside Sports and Leisure facilities portfolio within the Active Tameside strategic review.**

2.6 Benefits

- This proposal is likely to have a more significant long term financial and health impact as it would contribute to developing a sustainable facilities portfolio for Tameside which will serve as an enabler of reduced physical inactivity and improved health, at a reduced cost to the Council and the wider Tameside economy
- This proposal is likely to lead to more significant health benefits for the wider population
- The financial risks associated with Option 1 would be avoided.

2.7 Risks

- The use of the allocated funding for an alternative purpose is likely to generate resistance from key stakeholders.
- The facilities appraisal proposals are not yet finalised and have an estimated completion date of March 2016 following a period of public and stakeholder consultation.

### **3 RECOMMENDATION**

- 3.1 As stated on the report cover.