

|                                |  |
|--------------------------------|--|
| <b>Report to:</b>              | <b>EXECUTIVE</b>   |
| <b>Item number</b>             | <b>3</b>   |
| <b>Relevant Officer:</b>       | John Blackledge, Assistant Chief Executive- Leisure and Operational Services |
| <b>Relevant Cabinet Member</b> | Councillor Graham Cain, Tourism and Leisure                                  |
| <b>Date of Meeting</b>         | 19 <sup>th</sup> May 2014  |

## **GATEWAY FITNESS CENTRE EQUIPMENT FINANCE METHOD**

### **1.0 Purpose of the report:**

1.1 To approve the method of financing the purchase of the new gym equipment.

### **2.0 Recommendation:**

2.1 That Prudential Borrowing of £150,000 as outlined in Appendix 3a, is used as the method of financing the purchase of gym equipment.

### **3.0 Reasons for recommendation:**

3.1 In order to provide a town centre fitness facility for the residents of Blackpool. Prudential Borrowing as outlined in the report represents a better funding method and better value for money.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

To rent the gym equipment to lease the gym equipment, although as set out in the report this approach is not recommended.

#### **4.0 Council Priority:**

4.1 The relevant Council Priority is :

‘Improve health and well-being especially for the most disadvantaged’

#### **5.0 Background Information**

5.1 The decision to pursue the inclusion of a gym within Bickerstaffe House was approved via a Cabinet Member decision PH81/2013 on the 31<sup>st</sup> July 2013. The original costing included a lease cost of £35,000 per year for gym equipment. Finance policy has now moved towards advising that equipment is purchased via Prudential Borrowing.

5.2 The attached table at Appendix 3a details the optimal method of purchasing from a financial perspective via Prudential Borrowing. The estimated saving in using Prudential Borrowing against the costings provided in the original decision over 5 years is £7,335.

5.3 In addition, the equipment is owned outright at the end of the term using Prudential Borrowing. This gives the option of trading in the equipment if an upgrade is required or continuing with reduced overheads. A lease arrangement would require the equipment to be returned at the end of the lease period requiring further investment.

Does the information submitted include any exempt information?

No

#### **5.4 List of Appendices:**

Appendix 3a: Relevant Costings

#### **6.0 Legal considerations:**

6.1 The decision, as with all decisions involving Prudential Borrowing should have regard to the provisions related to Prudential Borrowing under the Local Government Act 2003 and CIPFA Prudential Code.

#### **7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 The original Cabinet Member decision included the costed business case for the gym and the cost of borrowing rather than leasing is less than this model by £7,335 during the payment period. There is the additional benefit of owning the equipment outright at the end of the 5 years.

**10.0 Risk management considerations:**

10.1 Not achieving patronage and income targets.

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None.

**ONLY APPLICABLE FOR REPORTS WHICH WILL EVENTUALLY BE CONSIDERED BY THE EXECUTIVE/ CABINET MEMBER**

**13.0 Key decision information:**

- 13.1 Is this a key decision? No
- 13.2 If so, Forward Plan reference number: N/A
- 13.3 If a key decision, is the decision required in less than five days? No
- 13.4 If **yes**, please describe the reason for urgency:

**14.0 Call-in information:**

- 14.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No
- 14.2 If **yes**, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC SERVICES**

**15.0 Scrutiny Committee Chairman (where appropriate):**

Date informed:

Date approved:

**16.0 Declarations of interest (if applicable):**

16.1

**17.0 Executive decision:**

17.1

**17.2 Date of Decision:**

**18.0 Reason(s) for decision:**

**18.1 Date Decision published:**

**19.0 Executive Members in attendance:**

19.1

**20.0 Call-in:**

20.1

**21.0 Notes:**

21.1