

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE HEAD OF FINANCE – HUW JONES

5th DECEMBER 2018

SECTION A – MATTER FOR DECISION

WARD AFFECTED - PONTARDAWE

PROVISION OF LOAN FUNDING TO CELTIC LEISURE LIMITED

1. Purpose of Report

To seek Cabinet approval for the granting of a loan of £250,000 to Celtic Leisure Limited.

2. Background

Celtic Leisure Limited is a social enterprise set up in 2003 to manage leisure facilities on a not for profit basis. The Company is a registered charity, registration number: 1161131. The Company manages six leisure centres and a theatre within the geographical boundary of Neath Port Talbot County Borough Council (“the Council”) under the terms of a 10 year contract between the Council and Celtic Leisure Limited . The leisure centres and theatre buildings are owned by the Council and leased to Celtic Leisure Limited.

The Company recently approached the Council to ascertain whether the Council would be prepared to provide capital funding of £250,000, in the form of a loan, to help finance modernisation works at Pontardawe Leisure Centre.

This report sets out the terms of the proposed arrangement.

3. Proposal

Celtic Leisure have recently completed a project appraisal in relation to expanding and improving their gym offer at Pontardawe Leisure Centre. This appraisal concluded that the maximum benefit could be achieved by the creation of a new fitness suite at the Centre. The proposal includes the conversion of two existing squash courts and the installation of a mezzanine floor to maximise the floor space available. At present Pontardawe Leisure Centre has 1,002 paying customers, this proposal is expected to increase this number to 1,400.

In order to fund part of this proposal the Company asked the Council to consider entering into a loan arrangement to provide £250,000 funding towards this project. This investment and loan will assist Celtic Leisure to deliver their services with lower annual subsidy from the Council.

This arrangement is not covered by the Council's Treasury Management Investment Policies. In entering into this arrangement the Council is doing so using its legal powers as set out in Section 2 of the Local Government Act 2000, commonly referred to as the wellbeing power. The Council would contend that the entering into loan agreement will allow Celtic Leisure Limited to undertake the proposed works which in turn will have an impact on the social wellbeing of the locality.

It is proposed that the Council agree to loan Celtic Leisure £250,000 on the following basis:

Loan Amount - £250,000

Interest Rate – 2.5%

Loan Term – 5 years, repayable in instalments annually on the anniversary of drawdown on an annuity* basis.

*An annual repayment of equal value made up of principal and interest.

4. Crime and Disorder Impact

There are no Crime and Disorder impacts from this proposal.

5. Integrated Impact Assessment

This proposal does not require an integrated impact assessment.

6. Workforce Impacts

There are no workforce issues arising from this proposal.

7. Consultation

This proposal does not require consultation.

8. Risk Management

There will be a legal agreement between the Council and the Company to mitigate against risk management issues and to set out the terms of the borrowing.

9. Recommendation

It is recommended that members approve a loan of £250,000 to Celtic Leisure Limited and that delegated authority be granted to the Head of Finance (in consultation with the Head of Legal Services) to enter into a loan agreement detailing the arrangements between the Council and Celtic Leisure Limited)

10. Appendices

None

11. Background Papers

None

12. Officer Contact

For further information on this report item, please contact:

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