



County Hall  
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## AGENDA

|                          |   |
|--------------------------|---|
| Committee                | POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE  |
| Date and Time of Meeting | THURSDAY, 14 MAY 2015, 4.30 PM  |
| Venue                    | COMMITTEE ROOM 4 - COUNTY HALL  |
| Membership               | Councillor Howells (Chair)<br>Councillors Cowan, Goodway, Hunt, Lloyd, Love, McGarry, Murphy and Walker |

### 1 Apologies for Absence

To receive apologies for absence.

### 2 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

### 3 Outline of Call-In Process by County Clerk & Monitoring Officer

### 4 Glamorgan County Cricket Club Loan Write-off and Restructuring. Consideration of Called-in Cabinet Decision - CAB/14/15 (Pages 1 - 82)

#### **NOTE:**

**Appendix 1 & 2 of Appendix B of this item contains exempt information and is not for publication by virtue of paragraphs 14 and 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972 (Descriptions of Exempt Information: Wales)**

- (a) Councillor Russell Goodway, as the Member who called in this decision, will be invited to make a statement. **4.45 pm**
- (b) Councillor Graham Hinchey, Cabinet Member, Corporate Services & Performance, may wish to make a statement.
- (c) Councillor Phil Bale, Leader, may wish to make a statement.

Also in attendance for Cardiff Council will be Christine Salter (Corporate Director, Resources), Marcia Sinfield (Operational Manager, Technical Accountancy), Geoff Shimell (Legal Manager, Property & Development), Anil Hirani (Operational Account Manger, Capital), and Steve Morris (Parks & Sport Development Manger)

(d) Members' question & answer session

(e) **Exclusion of the Public**

**Approx  
5.20 pm**

**TO RESOLVE – that the public be excluded from the meeting for the following items of business in accordance with paragraphs 14 and 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1975**

(f) Representatives of Cardiff Council will be available to answer Members' questions.

(g) Representatives of Deloitte, advisers to the Council, will be available to answer Members' questions.

(h) Representatives of Glamorgan County Cricket Club will be available to answer Members' questions.

(i) Representatives of Allied Irish Bank will be available to answer Members' questions.

**The following items of business will take place in open session.**

**Approx  
6.25 pm**

(j) The Chair may invite further evidence from some or all of the above witnesses.

(k) Members' question & answer session.

(l) Councillor Russell Goodway will be invited to sum up.

(m) Councillor Graham Hinchey, Cabinet Member, Corporate Services & Performance, may wish to respond.

(n) Final Questions from Members of the Committee.

**Date of next meeting - Tuesday, 2 June 2015**

**Marie Rosenthal**

**County Clerk & Monitoring Officer**

Date: 8 May 2015

Contact: Graham Porter, 029 2087 2434, G.Porter@cardiff.gov.uk

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**CITY & COUNTY OF CARDIFF COUNCIL****DINAS A SIR CAERDYDD****POLICY REVIEW & PERFORMANCE****SCRUTINY COMMITTEE****14 May 2015**

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**GLAMORGAN COUNTY CRICKET CLUB LOAN WRITE- OFF AND  
RESTRUCTURING - CONSIDERATION OF CALLED-IN CABINET DECISION  
CAB/14/105**

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*Please note that Appendix 1 and 2 of Appendix B attached to this report is not for publication as it contains exempt information of the description contained in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.*

**Background**

1. The Council's Constitution makes provision for a Call-In Procedure which provides that any non-Cabinet Member may call-in a decision of which notice has been given, by giving notice in writing to the Operational Manager of Scrutiny Services within the Call-In Period (within 7 clear working days after publication of the decision). The Operational Manager shall then notify the Cabinet Business Office and call a meeting of the relevant Scrutiny Committee, where possible after consultation with the Chairperson of the Committee, and in any case within five clear working days of the decision to call-in.
2. Cabinet Decisions, for purposes of the Call-In Procedure, are those made by the Cabinet, a Committee of the Cabinet, the Leader, a Cabinet Member, the Chief Executive or a Corporate Director (or other post holder/s within the same tier of management or responsibility).
3. On 19 March 2015 the Cabinet received a report requesting a decision 'to consider a proposal from Glamorgan County Cricket Club for a write off and restructuring of sums due to the Council in respect of loans provided to improve

the Club's ground infrastructure and to meet standards required for the staging of test matches.'

4. Cabinet Decision CAB/14/105, made on 19 March 2015 and published on the same date with a proposed implementation date of 23 March 2015, resolved:

- *In line with the other main creditors, write-off circa 70% of the value of sums outstanding on loans made to Glamorgan County Cricket Club.*
- *Agree the heads of terms and revised terms for repayment of amounts outstanding, whilst acknowledging that there can be no absolute guarantee that income generated by the Club will enable it to repay the proposed restructured loan.*
- *Delegate authority to the Corporate Director Resources to complete revised contractual terms with the club in consultation with the County Solicitor and the Cabinet Member for Corporate Services and Performance.*

5. The reasons given for taking this decision were:

- The implications of not accepting the proposal are the likely insolvency of the Club or a change in legal status which could have significant cost implications for the Club, reputational impact, loss of test or other major match status including impact on existing match awards.
- Independent financial advice indicates the existing level of debt of the Club is un-serviceable, and even with a circa 70% write down significant financial and operating risks remain.
- The first creditor has agreed to the terms of the restructuring, subject to the Council also doing so, which gives assurance the Council is acting in accordance with the Market Investor Principle.
- The proposal in partnership with Allied Irish Bank is a generous one, as in similar situations lower ranking creditors would normally be required to write-off their outstanding amounts in full. The Council will retain opportunities to recoup some of the loan amount in future years in accordance with revised loan agreements or should there be a reversal in the Club's financial position. The Council also continues to discuss

opportunities to access other benefits from the Club, for example the use of rooms at the stadium where relevant

- Independent financial advice indicates the existing level of debt of the Club is un-serviceable even with a circa 70% write
5. A copy of the relevant section of the **Register of Cabinet Decisions**, setting out the decision and reasons for this decision, is attached at **Appendix A**.
  6. Attached at **Appendix B** is the report to the Cabinet Business Meeting of 19 March 2015. This Appendix itself contains two appendices. Appendix 1 is a Draft Loan Restructuring Term Sheet, and Appendix 2 is an independent financial review report by Deloitte commissioned by the Council. Both appendices are exempt from publication for the reasons stated at the top of this report.
  7. A Member of the Committee has requested that the above decision be called in for Scrutiny Committee consideration (**Appendix C**). The reasons given for the Call In are:
    - a. The apparent failure to consider other options to secure the council-taxpayers interest;
    - b. The apparent willingness to collaborate in the release of a bank guarantee and the repayment of loan capital to a lower ranking creditor to the apparent detriment of council-taxpayers;
    - c. The apparent failure to secure changes in the organisation's management to secure improvements in the Club's financial performance;
    - d. The on-going financial performance of the Club and its apparent inability to pay its debts when they fall due;
    - e. The apparent failure to secure appropriate benefits in kind to mitigate the loss to the council taxpayer;
    - f. The risk to the council's reputation resulting from the decision to enter into the proposed agreement.
  8. The Policy Review and Performance Scrutiny Committee's terms of reference, agreed by Full Council on 29 May 2014, include the scrutiny, monitoring and

review of the effectiveness of the general implementation of the Council's policies, aims and objectives, including systems of financial control and administration.

9. The role of Scrutiny Committees calling in a decision is:
  - (i) To test the merits of the decision;
  - (ii) To consider the process by which the decision has been formulated;
  - (iii) To make recommendations (to support the decision, change aspects of the decision, or to invite the decision making body to reconsider);
  - (iv) To suggest further steps before a decision is made.
  
10. Members may be aware that there are additional background papers relevant to the Council's decision to write down the Glamorgan Cricket Club loan, relating to two decisions of the previous Executive on this matter, taken in 2011 and 2006. These decisions are **not** the subject of scrutiny at this meeting, however should Members wish to access these papers in preparation for the meeting, this can be done by following the links at the end of this report.

### **Scope of Scrutiny**

11. The Committee therefore needs to consider this call-In in accordance with the requirements of the Call-In Procedure. The scope of this scrutiny is limited to exploring the reasons for the call-in listed in paragraph 7 above.
  
12. It is important that Members focus their questions directly on the decision taken by Cabinet on 19 March 2015. Should questions be evaluated as probing decisions not within the remit of the call-in then the Chair will deem it necessary to disallow the line of inquiry.
  
13. Under the Call-In Procedure, the relevant Scrutiny Committee may consider the called-in decision itself, or decide to refer the issue to the Council for Scrutiny if the matter is of general significance and importance to the Council as a whole. A Council meeting to consider this issue must take place within 10 clear working



days of such a referral, unless otherwise agreed between the Leader and the Chairperson of the relevant Scrutiny Committee.

14. Having considered the decision, the Scrutiny Committee may refer it back to the decision maker for reconsideration, setting out in writing the nature of its concerns. The decision maker shall then reconsider the matter before adopting a final decision, arranging for the decision to be changed to reflect points made by the Scrutiny Committee, or formally deferring the matter for further consideration. The relevant Scrutiny Committee or Council as appropriate will be advised of the outcome at its next meeting.

15. If following a Call-In, the matter is not referred back to the decision maker, the decision shall take effect on the date of the relevant Scrutiny Committee or Council meeting which considers the issue, or the expiry of the Scrutiny Period or the Council Scrutiny Period as appropriate, whichever is the later.

16. In order to undertake its task the Committee will have the opportunity to question the following witnesses:

**From The City of Cardiff Council**

Councillor Graham Hinchey (Cabinet Member, Corporate Services and Performance)

Christine Salter (Corporate Director, Resources)

Marcia Sinfield (Operational Manager, Projects and Technical Accountancy)

Anil Hirani (Operational Manager, Account Manager, Capital)

Geoff Shimell, Operational Manager (Property and Management)

Steve Morris (Parks and Sport Development Manager)

Paul Meadows (Director, Deloitte)

Ben Swarbrick (Assistant Director, Deloitte)

**From Glamorgan County Cricket Club:**

Representatives of the club will include the Chairman and Chief Executive, and a representative of Allied Irish Bank.

## **Legal Implications**

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATION**

The Committee is recommended to consider Cabinet Decision CAB/14/105 in accordance with the Call In Procedure.

**Marie Rosenthal**

**County Clerk & Monitoring Officer**

**8 May 2015**

## **Background Papers**

Executive Business Meeting:17 February 2011 SWALEC STADIUM

<https://www.cardiff.gov.uk/ENG/Your-Council/Councillors-and-meetings/CouncilMeetings/Pages/default.aspx>

Executive Business Meeting:14 November 2006 GLAMORGAN COUNTY CRICKET CLUB

<https://www.cardiff.gov.uk/ENG/Your-Council/Councillors-and-meetings/CouncilMeetings/Pages/default.aspx>

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# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No  | Decision   | Reasons   | Consultation Undertaken | Dates  |             |                              | Responsibility for implementation after date shown |                 |
|--------------|------------|--|---|-------------------------|--|-------------|------------------------------|--|-----------------|
|              |            |  |   |                         | Decision Made  | Publication | Implementation if no call-in |  |                 |
|              | Min No 129 | Mins: 19 March 2015  |   |                         |  |             |                              |  |                 |
|              | Min No 130 | <p><b>Corporate Plan 2015-17</b></p> <p><b>RESOLVED:</b> that</p> <ol style="list-style-type: none"> <li>the Corporate Plan 2015-2017 be approved as set out in Appendix 1 to the report for consideration by Council on 26 March 2015;</li> <li>Council be recommended to delegate authority to the Chief Executive in consultation with the Leader of the Council to make any consequential amendments to the Corporate Plan following consideration by Council on 26 March 2015.</li> </ol> | <p>To enable the draft Corporate Plan 2015-2017 to be considered by the Council on 26 March 2015 and to be published thereafter, subject to any consequential amendments.</p> |                         | These matters are to be determined by Council and are not, therefore, subject to call-in |             |                              |  |                 |
| CAB/14/101   | Min No 131 | <p><b>Great Western cities</b></p> <p><b>RESOLVED:</b> that authority be delegated to the Chief Executive, in consultation with</p>  | <p>To enable the City of Cardiff Council to develop a 'Statement of Intent' for the Great</p>   |                         |  | 19.03.2015  | 23.03.15                     | 2.04.2015  | Chief Executive |

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|              |            |  |   |   | Decision Made | Publication | Implementation if no call-in |  |
|              |            | the Leader of the Council, to develop a programme of joint activity with the Great Western Cities in the areas outlined in paragraph 9 of this report.   | Western Cities that formalises regional collaboration and joint working between Cardiff, Newport and Bristol City Councils.   |   |               |             |                              |  |
| CAB/14/902   | Min No 132 | <p><b>Cardiff International Sports Stadium</b></p> <p><i>Appendix 2 is not for publication as it contains exempt information of the description in paragraph 16 of Part 4 of Schedule 12A of the Local Government Act 1972</i></p> <p><b>RESOLVED:</b> that</p> <p>(a) on submission of a final, detailed and satisfactory business plan from Cardiff and Vale College the Cardiff International Sports Stadium be removed from the leisure management procurement process</p> | The rationale for removing the Stadium from the leisure procurement process is strong in that it would enable continuity of operations within the locality, as the College and House of Sport have good track records in Cardiff. The leisure procurement process cannot guarantee the level of savings that the lease arrangement promises, and is very unlikely to make the required level of | The views of Councillors Richard Cook, Elsmore and Patel have been sought and to date, there has been no negative view expressed. | 19.03.2015    | 23.03.15    | 2.04.2015                    | Chris Hespe  |

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|              |           |   |  |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>(b) authority be delegated to the Director of Sport, Leisure and Culture to negotiate the lease and any ancillary documentation to Cardiff and Vale College, in conjunction with the Cabinet Member for Community Development, Co-operatives and Social Enterprise, the Cabinet Member for Corporate Services and Performance and the Section 151 Officer</p> <p>(c) the arrangement between the Council and Cardiff and Vale College should be predicated on public access to the facilities being guaranteed for the future and the Council being able to monitor and influence its success.</p> | <p>savings in the financial year 2015/16. Also, the leisure procurement process cannot be guaranteed to attract the level of capital investment into new facilities on the site intended by the proposed arrangement. The arrangement would ensure that the Council made the financial saving against the Stadium.</p> |                         |               |             |                              |  |

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|              |            |  |   |  | Decision Made | Publication | Implementation if no call-in |  |
| CAB/14/103   | Min No 133 | <p><b>Community Provision in Cardiff East</b></p> <p><b>RESOLVED:</b> that</p> <ol style="list-style-type: none"> <li>the approach to future service provision in the Cardiff East be agreed</li> <li>the St Mellons Hub be extended and the services available in the Llanrumney Hub be further develop</li> <li>the creation of a Community Partnership Hub be agreed and authority delegated to the Director of Communities, Housing &amp; Customer Services in consultation with the Cabinet Member for Community Development, Co-operatives and Social Enterprise, to develop plans for the development of a Partnership Hub</li> </ol> | <p>Taking into account the strong feeling among the community that services should be provided in the local area it is proposed that a Partnership Hub should be established in the current Youth Centre building, the community's preferred alternative venue, which has the space to accommodate a range of activity. The existing library building would remain open until the partnership hub was established.</p> <p>Rumney Library building is owned by the Council (freehold), it is proposed that the</p> | <p>Local Members have been advised of the proposal and a discussion was held with one Member. There was a strong view during that discussion that there should be a sustainable library service in the Hub with assistance on hand particularly for the elderly. Also that any capital released from the sale of the library should be reinvested in the Hub building. Should the proposal be agreed further consultation would take place with local ward members and the</p> | 19.03.2015    | 23.03.15    | 2.04.2015                    | Sarah McGill                                       |



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|              |           |  |  |  | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>based in the Rumney Youth Centre building; including further consultation with the community on the services to be provided. The current library building will remain open until the Partnership Hub has been established and would then be sold on the open market. The proceeds from the sale would be reinvested in the new partnership Hub in Rumney.</p> | <p>building is sold on the open market. The original proposal was that money from the sale of Rumney Library could be reinvested in the remodelling of Llanrumney Hub to extend and improve Hub Services. However after listening to the views raised during the consultation it is proposed that these funds should be invested in the development of the Rumney partnership hub as the building does require some upgrading and maintenance and some reconfiguration will be needed to meet the new requirements. Closure of the library</p> | <p>local community about the detail of the service provision and about any other changes needed to make the building fully accessible.</p> |               |             |                              |  |

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|              |            |  |  |                         | Decision Made   | Publication | Implementation if no call-in |  |                  |
|              |            |  | building would generate revenue savings of approximately £101,000.   |                         |   |             |                              |  |                  |
|              | Min No 134 | <b>2014-15 Quarter 3 Performance Report</b><br><b>RESOLVED:</b> that the current position regarding performance and the delivery of key commitments and priorities as at the end of Quarter 3 be noted | To ensure that:- <ul style="list-style-type: none"> <li>improvements are made to ensure that the culture of managing performance is embedded within services</li> <li>clear accountabilities are established for the performance of service areas</li> </ul> |                         | This matter is for noting and is not, therefore, subject to call-in |             |                              |  |                  |
| CAB/14/104   | Min No 135 | <b>Non-Domestic Rates - Write Offs</b><br><b>Appendices A and B to this report are exempt from publication by virtue of paragraph 14 of Part 4 and</b>   | It is recommended that the debts are written off as they are irrecoverable.  |                         |   | 19.03.2015  | 23.03.15                     | 2.04.2015  | Christine Salter |

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|              |            |   |  |                         | Decision Made | Publication | Implementation if no call-in   |  |
|              |            | <p><i>paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972</i></p> <p><b>RESOLVED:</b> that the write off of debts amounting to £731,395.87 as outlined in Appendix A to the report be authorised</p>  |  |                         |               |             |  |  |
|              | Min No 136 | <p><b>Pay Policy 2015/16.</b></p> <p><b>RESOLVED:</b>that</p> <ol style="list-style-type: none"> <li>1) the attached Pay Policy Statement 2015/16 (Appendix 1) be approved for consideration by Council on 26 March 2015</li> <li>2) In light of the issues outlined in paragraphs 7-10 of this report, Council be recommended to agree that the Authority's Pay Policy Statement will include the following</li> </ol> | <p>To respond to the legal requirement under the Localism Act 2011 but production of the policy statement will also provide openness and accountability in how the Council rewards it staff.</p> |                         |               |             | These matters are to be determined by Council and are not, therefore, subject to call-in |  |

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|              |           |  |         |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>paragraph:</p> <p>14.2 The JNC for Chief Officers negotiates on national (UK) annual cost of living pay increases for this group, and any award of same is determined on this basis. Chief Officers employed under JNC terms and conditions are contractually entitled to any national JNC pay rises. This Council will therefore pay these nationally agreed pay awards as and when determined unless full Council decides otherwise.</p> <p>(3) Council be recommended to agree that the national pay award for JNC Chief Officer from 1<sup>st</sup> January</p> |         |                         |               |             |                              |  |

# CITY OF CARDIFF COUNCIL

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|              |            |  |   |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |            | 2015. The pay award is 2% for salaries below £99,999. There is no pay award for salaries above £100,000.   |   |                         |               |             |                              |  |
| CAB/14/105   | Min No 137 | <p><b>Glamorgan County Cricket Club Loan Write off and Restructuring</b></p> <p><i>Appendix 1 and 2 to this Report are not for publication as they contain exempt information of the Description in Paragraphs 14 and 21 of Schedule 12a to the Local Government Act 1972</i></p> <p><b>RESOLVED:</b> that</p> <p>1. In line with the other main creditors, it be agreed to write-off circa 70% of the value of sums outstanding on loans made to Glamorgan County Cricket Club.</p> | <p>The implications of not accepting the proposal are the likely insolvency of the Club or a change in legal status which could have significant cost implications for the Club, reputational impact, loss of test or other major match status including impact on existing match awards.</p> <p>Independent financial advice indicates the existing level of debt of the Club is un-servicable and even with a circa 70% write</p> |                         | 19.03.2015    | 23.03.15    | 2.04.2015                    | Christine Salter                                   |

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|              |           |  |   |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>2. the heads of terms and revised terms for repayment of amounts outstanding be agreed, whilst acknowledging that there can be no absolute guarantee that income generated by the Club will enable it to repay the proposed restructured loan.</p> <p>3. authority be delegated to the Corporate Director Resources to complete revised contractual terms with the club in consultation with County Solicitor and the Cabinet Member for Corporate Services and Performance..</p> | <p>down significant financial and operating risks remain.</p> <p>The first creditor has agreed to the terms of the restructuring, subject to the Council also doing so, which gives assurance the Council is acting in accordance with the Market Investor Principle.</p> <p>The proposal in partnership with AIB is a generous one as in similar situations, lower ranking creditors would normally be required to write-off their outstanding amounts in full. The Council will retain opportunities to</p> |                         |               |             |                              |  |

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|              |            |  |  |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |            |  | recoup some of the loan amount in future years in accordance with revised loan agreements or should there be a reversal in the Club's financial position. The Council also continues to discuss opportunities to access other benefits from the Club for example the use of rooms at the stadium where relevant. |                         |               |             |                              |  |
| CAB/14/106   | Min No 138 | <b>Cabinet Response to Report of the: Children &amp; Young People Scrutiny Committee entitled 'Looked After Children's Transition to Independent Living'</b><br><b>RESOLVED:</b> that the responses set out in the appendix to the report in | To enable Cabinet to respond to the report of the Children and Young People Scrutiny Committee arising from the work of a Task and Finish Group convened by the Committee to consider Transitions  |                         | 19.03.2015    | 23.03.15    | 2.04.2015                    | Tony Young   |

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|              |            |  |  |   | Decision Made | Publication | Implementation if no call-in |  |
|              |            | relation to the September 2014 report of the Task and Finish Group convened by the scrutiny committee to consider the needs of care leavers in Transition be agreed                                    | for Care Leavers.  |   |               |             |                              |  |
| CAB/14/007   | Min No 139 | <b>School Admission Arrangements 2016/2017</b><br><b>RESOLVED:</b> that it be noted the draft School Admissions Arrangements 2016/2017 have been determined and the Admission Policy 2016/17 be agreed | The Council is required to review school admission arrangements annually and to agree the arrangements following appropriate consultation. | The draft School Admissions Policy was issued for consultation on 15 December 2014 to headteachers, governing bodies, diocesan directors, neighbouring local education authorities and other interested bodies. Responses were requested to be returned by 23 January 2015. | 19.03.2015    | 23.03.15    | 2.04.2015                    | Nick Batchelar                                     |



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|--------------|------------|---|--|--|---------------|-------------|------------------------------|--|
|              |            |   |  |  | Decision Made | Publication | Implementation if no call-in |  |
| CAB/14/108   | Min No 140 | <p><b>Realignment of the 21<sup>st</sup> Century Schools Programme</b></p> <p><i>Appendices 2 &amp; 3 are not for publication as they contain exempt information of the description in paragraph(s) 16 of Part 4 of Schedule 12A of the Local Government Act 1972</i></p> <p><b>RESOLVED:</b> that</p> <ol style="list-style-type: none"> <li>the realigned 21<sup>st</sup> Century Schools Programme be approved.</li> <li>it be noted that the approval in principle of the realigned strategy by Welsh Government is required and the Director of Education and Lifelong Learning be authorised to seek to secure Welsh Government approval in principle for the realigned programme, including additional grant funding.</li> </ol> | <p>In November 2011, the Council submitted a 21st Century Schools Programme bid to Welsh Government. The level of Capital investment contained within that Programme known as "Band A", was £137.328 million and this was approved in principle in December 2011. The Programme now needs to be realigned to take account of changes since 2011. This includes the need to address the current levels of educational attainment at KS4 in the Southern arc; provide a sufficiency of primary places ensuring best value from the financial</p> | <p>Consultations have taken place with a range of stakeholders about the realigned priorities and aims of the 21<sup>st</sup> Century Schools Strategy. These included Local Members, Diocese, Arch Diocese, Head Teachers and Governing Bodies.</p> | 19.03.2015    | 23.03.15    | 2.04.2015                    | Nick Batchelar                                     |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No | Decision   | Reasons  | Consultation Undertaken | Dates         |             |                              | Responsibility for implementation after date shown |
|--------------|-----------|--|--|-------------------------|---------------|-------------|------------------------------|--|
|              |           |  |  |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>3. authority be delegated to the Director of Economic Development (in consultation with the Cabinet Members for Education &amp; Skills and Corporate Services &amp; Performance, the County Solicitor, and the Corporate Director for Resources) to negotiate and complete the purchase of land on the Hamadryad Peninsula for education purposes and to dispose of the land adjacent to County Hall.</p> <p>4. authority be delegated to the Director of Education &amp; Lifelong Learning (in consultation with the Cabinet Members for Education &amp; Skills and Corporate Services &amp; Performance, the County Solicitor, and the Corporate Director for Resources) to determine</p> | <p>resources available and the need to ensure schools are assets that benefit their wider community.</p> |                         |               |             |                              |  |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No | Decision  | Reasons | Consultation Undertaken | Dates         |             |                              | Responsibility for implementation after date shown |
|--------------|-----------|---|---------|-------------------------|---------------|-------------|------------------------------|--|
|              |           |   |         |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>all aspects of the procurement process (including for the avoidance of doubt development of all procurement documentation and selection and award criteria, commencement of procurement through to award of contracts) for specific 21<sup>st</sup> Century Schools proposals in line with the realigned strategy once approved and the thresholds set out in paragraphs 78 to 80, save that in respect of the Eastern High School Project, the thresholds referred to above will be amended as set out in paragraph 81.</p> |         |                         |               |             |                              |  |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No  | Decision  | Reasons  | Consultation Undertaken | Dates         |             |                              | Responsibility for implementation after date shown |
|--------------|------------|---|--|-------------------------|---------------|-------------|------------------------------|--|
|              |            |   |  |                         | Decision Made | Publication | Implementation if no call-in |  |
| CAB/14/109   | Min No 141 | <p>School Transport Policy Review Pupils Aged 16 to 19 Free Home To School Transport</p> <p><i>Appendix B to this report is not for publication under Schedule 12A Part 4 paragraphs 16 and 21 of the Local Government Act 1972 (as amended) in that it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings and the public interest in maintaining the exemption outweighs the public interest in disclosing the information</i></p> <p><b>Resolved:</b> that</p> <p>1) consultation be undertaken on the proposal for the phased withdrawal of funding of Free Home to School Transport via the Councils</p> | <p>There is insufficient time to implement such changes in Cardiff's Home to School Transport Policy for the academic year commencing in September 2015. New policies incorporating those changes will however be published on the Councils web site and made available to the public by 1 October 2015 to enable changes are to be implemented for the academic year commencing in September 2016.</p> <p>The Council's budget is under extreme pressures and the loss of funding available for</p> |                         | 19.03.2015    | 23.03.15    | 2.04.2015                    | Andrew Gregory                                     |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No | Decision  | Reasons   | Consultation Undertaken | Dates         |             |                              | Responsibility for implementation after date shown |
|--------------|-----------|---|---|-------------------------|---------------|-------------|------------------------------|--|
|              |           |   |   |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>Passport to Travel Scheme for post 16 pupils/students aged 16-19 with effect from the 2016/2017 Academic Year. Funding would continue for all pupils who started 6th Form or college courses prior to the 2016/2017 Academic Year, providing those</p> <p>2) it be noted that further investigations which are intended to be undertaken alongside the consultation and the intention that the Director of Strategic Planning Highways Traffic &amp; Transportation will return to Cabinet with a further report setting out the feedback from the consultation and the results of those</p> | <p>the CPTS means that the Council has to consider withdrawing it in order to protect other services.</p> <p>1. It is appropriate that the Council consider phased withdrawal of funding of Free Home to School Transport via the Councils Passport to Travel Scheme for post 16 pupils/students aged 16-19 with effect from the 2016/2017 Academic Year. Funding would continue for all pupils/students who started 6th Form or college courses prior to the 2016/2017 Academic Year, providing they</p> |                         |               |             |                              |  |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No | Decision   | Reasons   | Consultation Undertaken | Dates         |             |                              | Responsibility for implementation after date shown |
|--------------|-----------|--|---|-------------------------|---------------|-------------|------------------------------|--|
|              |           |  |   |                         | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>investigations to enable the Cabinet to make a decision as to the approach which it wishes to adopt to address the future funding gap in the Cardiff Passport to Travel Scheme.</p> | <p>continue to qualify for the full EMA allowance, until the end of the academic year that they turn 19.</p> <p>It is proposed that alongside the consultation, officers will undertake further investigations of alternative funding streams/mechanisms which may be available to continue providing free or subsidised transport for this group of Post 16 pupils/students (including further discussions with the Post 16 Strategy Group). When this matter is brought back before Cabinet to make a determination as to whether to withdraw</p> |                         |               |             |                              |  |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No  | Decision   | Reasons  | Consultation Undertaken   | Dates         |             |                              | Responsibility for implementation after date shown |
|--------------|------------|--|--|---|---------------|-------------|------------------------------|--|
|              |            |  |  |   | Decision Made | Publication | Implementation if no call-in |  |
|              |            |  | the Passport to Travel Scheme (either as currently being proposed or as may have been amended) it will be the intention to report to Cabinet on the feedback from the consultation and the outcome of those further investigations and discussions.                                    |   |               |             |                              |  |
| CAB/14/110   | Min No 142 | <p><b>Cardiff Council Designation as Single Licensing Authority for Powers Contained in Part 1 of the Housing (Wales) Act 2014 – Welsh Agent and Landlord Licensing Scheme</b></p> <p><b>Resolved:</b> that</p> <ol style="list-style-type: none"> <li>the implications of the Housing (Wales) Act 2014 (“the 2014 Act”) as set out in the report and the proposal to designate The</li> </ol> | <p>Legislation has now been enacted and Cardiff Council has been formally consulted regarding its designation as the Single Licensing Authority for Licensing Agents and Landlords in Wales. This report seeks Cabinet and Council support for this designation. This will involve</p> | <p>Community &amp; Adult Services Scrutiny Committee considered this report on the 4 March 2015. Overall, Members are supportive of the proposal that Cardiff Council becomes the Single Licensing Authority and appreciate the</p> | 19.03.2015    | 23.03.15    | 2.04.2015                    | Jane Forshaw                                       |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

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|--------------|-----------|--|--|--|---------------|-------------|------------------------------|--|
|              |           |  |  |  | Decision Made | Publication | Implementation if no call-in |  |
|              |           | <p>County Council of the City and County of Cardiff as the Single Licensing Authority for the purpose of Part 1 of the 2014 Act be noted</p> <p>2. it be agreed that the Council carry out the arrangements set out in paragraph 6 of the report, to enable the Council to undertake its designated role as the Single Licensing Authority; and</p> <p>3. authority be delegated to the Corporate Director with responsibility for Environment, in consultation with the Corporate Director Resources, the County Solicitor and the Cabinet Member (Environment), to negotiate and conclude a Memorandum of Understanding with all Welsh Local Authorities</p> | <p>Cardiff Council delivering the scheme across 22 local authority areas in Wales.</p> | <p>need to improve the private rented sector. The Committee felt it was important that Cardiff Council received confirmation of the Welsh Government financial support prior to Cabinet making a decision on the matter.</p> |               |             |                              |  |



# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

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|--------------|------------|---|--|-------------------------|---------------|-------------|--|--|
|              |            |   |  |                         | Decision Made | Publication | Implementation if no call-in   |  |
|              |            | <p>and to address those matters set out in paragraphs 6 and 16 of the report.</p> <p>4. the Monitoring Officer be requested to recommend to Council any consequential to the Officer Scheme of Delegations.</p>   |  |                         |               |             |  |  |
|              | Min No 143 | <p><b>Home Improvement Loans</b></p> <p><b>Resolved:</b> that</p> <p>1. Council be recommended to approve the amendments to the revised Private Sector Housing Policy including the proposals set out in this report to provide Home Improvement Loans to elderly owner occupiers and Houses into Homes Loans to the private rented sector to bring empty</p> | <p>To agree amendments to the Private Sector Housing Policy and to put in place new arrangements for private sector Home Improvement Loans making use of Welsh Government repayable funding.</p> |                         |               |             | These matters are to be determined by Council and are not, therefore, subject to call-in |  |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No. | Minute No  | Decision  | Reasons  | Consultation Undertaken | Dates         |             |  | Responsibility for implementation after date shown |
|--------------|------------|---|--|-------------------------|---------------|-------------|--|--|
|              |            |   |  |                         | Decision Made | Publication | Implementation if no call-in   |  |
|              |            | <p>properties back into use.</p> <p>2. Council be recommended to approve the use of Welsh Government repayable funding to meet the costs of these loans</p> <p>3. Council be recommended to agree that authority be delegated to the Director of Communities, Housing and Customer Service to put in place the detailed arrangements relating to the Home Improvement Loan schemes and to make minor changes to the schemes as necessary to their ensure effective operation.</p> |  |                         |               |             |  |  |
|              | Min No 144 | <p><b>Fairwater Community Poll</b></p> <p><b>Resolved:</b> that</p> <p>1. the results of the Fairwater</p>  | To enable the Cabinet to consider what action the Council should take in response to the Fairwater |                         |               |             | These matters are to be determined by Council and are not, therefore, subject to call-in |  |

# CITY OF CARDIFF COUNCIL

## REGISTER OF CABINET DECISIONS: 10 2014/15

| Decision No.                                       | Minute No | Decision  | Reasons                              | Consultation Undertaken | Dates                |             |                              | Responsibility for implementation after date shown |
|--|-----------|---|--------------------------------------|-------------------------|----------------------|-------------|------------------------------|--|
|  |           |   |                                      |                         | Decision Made        | Publication | Implementation if no call-in |  |
|  |           | <p>Community Poll held on 5<sup>th</sup> March 2015 (Appendix A to the report) be noted; and</p> <p>2. the matter be referred to full Council, with a recommendation that no further action should be taken in response to that Poll.</p> | Community Poll held on 5 March 2015. |                         |                      |             |                              |  |
| <b>Prepared by Cabinet Office:</b>                 |           |   |                                      |                         | <b>23 March 2015</b> |             |                              |  |
| <b>Submitted to Chief Executive for signature:</b> |           |   |                                      |                         | <b>23 March 2015</b> |             |                              |  |

Approved for Publication .... *Paul Orders*.....  
 Chief Executive

Date ...23/03/2015.....

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**GLAMORGAN COUNTY CRICKET CLUB LOAN WRITE-OFF AND  
RESTRUCTURING**

**REPORT OF CORPORATE DIRECTOR RESOURCES  
AGENDA ITEM:9**

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**PORTFOLIO: CORPORATE SERVICES AND PERFORMANCE  
(COUNCILLOR GRAHAM HINCHEY)**

*Appendix 1 and 2 to this Report are not for publication as they contain  
exempt information of the Description in Paragraphs 14 and 21 of  
Schedule 12a to the Local Government Act 1972*

**Reason for this Report**

1. The purpose of the report is to consider a proposal from Glamorgan County Cricket Club (GCCC) for a write-off and restructuring of sums due to the Council in respect of loans provided to improve the Club's ground infrastructure and to meet standards required for the staging of test matches.

**Background**

2. GCCC was formed in 1888 and has been the sole Welsh first class cricket club since 1921. It is one of Cardiff's longest established professional sports teams and has historically been the focal point for cricket in Wales as a whole.
3. Similar to other cricket clubs, an opportunity to attract international matches led to significant investment in the facilities of the GCCC. Following its award of test match status GCCC successfully hosted the Ashes test with Australia in 2009, has hosted a number of other successful matches since and will host a further Ashes Test this year.
4. At its meeting on the 14 November 2006 the Executive resolved to provide a £4 million loan towards the stadium development, taking full account of the economic wellbeing benefits associated with the GCCC's proposal to extend its ground infrastructure and enable the staging of test matches. Changes to criteria set by the England and Wales Cricket Board (ECB) for test match grounds resulted in the cost of the stadium infrastructure being higher, costs which were met by the club Chairman at the time, a bank overdraft and use of accelerated naming rights. This resulted in cash flow issues for the Club and in response it requested the Council to defer existing loan payments. At its meeting on 17 February

2011 the Executive agreed to defer existing loan repayments as well as provide an additional loan of £1.056 million towards the cost of the additional works required.

5. The implications to both these Council reports stressed that there was no conventional security for the requested funding. The Council had a second mortgage behind the bank and recognised that the Club's ability to repay that facility was based on its projected cash flow arising from the estimated costs of the necessary ground improvements and projected income taking account of the reasonable chances of the ground being nominated for future test and other international matches.
6. At 31 December 2014, the Club owed circa £16 million principal and interest accrued in relation to funding secured to redevelop the ground which is broken down as follows:

|   | £m          |
|---|-------------|
| Allied Irish Bank (AIB)                 | 7.2         |
| Cardiff Council                         | 6.4         |
| Mr Russell (Clubs Chairman at the time) | 2.4         |
| <b>Total due to main creditors</b>      | <b>16.0</b> |

7. The loans to Allied Irish Bank (AIB) are secured by way of a first ranking debenture, so that in the event of any insolvency, it is entitled to be repaid in full before the Council and Mr Russell. The Council has a second charge and Mr Russell the third charge.
8. The debt has proven difficult to service both as a result of the changing economic climate from that which was in place when the infrastructure was built and also the Club's performance against its business plan projections. A capital and interest holiday was agreed in 2012 and is shortly due to expire. GCCC have proposed to all creditors a further restructuring of debt. This requires each of the lenders to write-off circa 70% of sums due, which including interest totals £11.2 million and results in a remaining debt of circa 30% which amounts to £4.8 million. A further deferral of any remaining sums payable and the early release of Mr Russell for a discounted payment has also been requested by GCCC.
9. Both the Bank and Mr Russell have agreed to the proposal. The Bank has advised that their approved write down is a maximum of £5 million and/or 70% of the debt, including accrued interest. However this is subject to the same decision also being reached by the Council. The proposed Heads of Terms of the revised loan agreement are included at Appendix 1 and Deloitte's have been engaged to provide independent financial advice to the Council on the proposal. This advice is attached at Appendix 2.

#### **Financial Position of the Club**

10. In accordance with the terms of the Council loan, the Council periodically receives and interprets financial performance and financial forecast

information received from the Club. Discussions also take place with the Club and the AIB on such issues.

11. For some time it has been clear that the Club's ability to service the extent of debt held is limited. In accordance with accounting requirements, a view was taken in preparing the 2013/14 Statement of Accounts for the Council that there was little likelihood that the loan principal shown as outstanding on the balance sheet was recoverable. The loan was impaired to nil and a similar approach taken by the Bank. The impairment was shown as an exceptional item in the Council's audited statement of accounts for 2013/14 which were taken to Council in September 2014 post audit. Evidence for impairment included:-

- The Club had requested that the Council and its other creditors take part in a further restructuring of its obligations with a view to further deferral of sums due to avoid breach of contract.
- The Club's published annual report for 2013, following a management restructure, indicated further discussions on loans outstanding to take place with the Club's creditors.
- The financial environment in which the Club operated was identified as challenging and that this was likely to be the case for the foreseeable future
- The Club has consistently made financial losses in recent years.
- The Club would need a significant turnaround in its financial position in order to be able to generate surplus cash to enable some payment of outstanding loans and interest obligations.
- Following meetings between Council officers and the GCCC, there seems little prospect that the existing loan agreement in its current form can be adhered to for the foreseeable future.
- The Council does not have an enforceable security over the Club's property and the bank has first priority for repayment. Given that AIB has first deed of priority for payment there is little likelihood of the Council receiving value from any organisational restructure at the Club given any potential residual valuation of assets
- Repayments are dependent on success in attracting international matches. With increasing competition amongst grounds to host exclusive matches, performance is totally reliant here on the ECB granting significant future International Matches and the Club hosting them successfully
- The Club has been reliant on short term loans from the ECB, the use of cash from future ticket sales as well as one off windfalls to balance the cash position in the short term.
- The England and Wales cricket sector (18 First Class Counties) has incurred a consolidated loss averaging £10 million per annum for the last 3 years (2011 –2013), against a consolidated debt level of £200 million.
- There has been rapid growth in the costs of funding domestic first class county cricket, with no corresponding increase in related income.

12. Independent analysis of the Club's business plan and financial forecasts by Deloitte as attached at Appendix 2 re-inforce the above evidence and indicate that:-
- The underlying business makes losses each year excluding the impact of assumptions in relation to Welsh Government grant, major matches and bonus payments from the ECB
  - Revenues continue to be dependant on major match awards and sponsorship
  - The Club has a challenging financial outlook, with potential for significant downside, resulting in significant recoverability risk for the remaining balance.
  - The difficulty in making challenging savings assumptions made whilst balancing the need to remain competitive in the County game.
  - The Club balance sheet was a net liability and a write off is required to return the clubs balance sheet to a net assets position
  - The Club is using income from future received from future matches to sustain current operating activity
  - Additional loans from private investors, the England and Wales Cricket Board or other sources may be required in order to secure a major cash injection to meet cash flows
  - Whilst there are upside risks, sensitivities are identified that could have a further negative impact on the clubs cash flow forecast and ability to generate income to service debt

### **Independent Financial Advice**

13. Deloitte's independent financial advice having made the above points in determining the Council's proposed course of action is as follows:-
- The Club has significant risk of administration if consensual restructuring is not agreed.
  - The analysis indicates that the Club require a debt write down of at least 70%. This is the minimum required, for the Club to have any chance of servicing remaining debt
  - AIB's agreement to the proposal that all creditors write down their debt by a maximum of £5 million, circa 70% is a generous deal for Council and Mr Russell. In such situations, lower ranked creditors would be asked to write down in full.
  - Further restructuring of debt is likely to be required at a later date
  - If there is no risk in derailing the process, the Council may want to seek amendment to the proposal should there be outperformance/windfall.

### **Position of the Club's other Partners**

14. The Club's previous chairman Mr Russell, has accepted the need for a write down and has accepted the offer of an immediate payment to cease involvement in the Club. This payment is a write-down of circa 70% with



a further reduction of circa £100,000 in return for immediate repayment of the remaining sum.

15. AIB have formally ratified and put into effect a circa 70% write down with effect from 31 December 2014, with option to reverse if other creditors do not follow. AIB have also agreed to release Mr Russell from his guarantee to the Bank, should he accept full and final settlement as a creditor of the Club.
16. The ECB have announced the major match awards for 2017 –2019, including a condition that financial stability must be achieved (i.e. a financial restructuring completed) before confirmation of the award. They have also provided various loan and cash flow facilities to help the Club to navigate through until 2017 –2019 (with discussions still ongoing). ECB have agreed to provide loan funding to meet the lump sum payment release for Mr Russell.
17. The Welsh Government is considering a request for grant funding which is also conditional upon securing a financial restructuring. The exact level of this support has not yet been confirmed.
18. A range of private investors have provided an indication of financial support to assist with cash flow until 2018. This support is also conditional upon completion of a financial restructuring with existing creditors.

#### **Heads of terms for revised loan**

19. The full proposed heads of terms are attached at Appendix 1 and allow for:-
  - Outstanding debt and interest to be written down by circa 70% based upon cumulative balances at 31 March 2015 to form a revised consolidated loan. Repayment of remaining balance (combined balance - £1,923,584 – 31 March 2015) to be rescheduled as follows:
    - a. Equal 6 monthly instalments of 1/40 of revised loan balance to be paid starting on 1 July 2019.
    - b. Remaining principal balance to be repaid in its entirety on 1 January 2026, subject to securing funding to repay
  - Interest to continue to accrue on revised consolidated loan at 1.5% plus LIBOR (3mth rate), subject to a 3% cap. All interest to be paid quarterly in arrears, commencing 1 July 2015.
  - Payments of capital and interest to rank pari-passu with AIB and ECB, with the exception of ECB's preference on excess ECB payments
  - No event of default apart from insolvency and cross default.

- GCCC to be given permission to borrow additional funds from investors as described below.
  - With exception of new security for investors, all security and rankings between creditors to remain as currently in place. Any security linked to further borrowing to rank behind AIB and CCC.
20. It should also be noted that the parties will not proceed with the restructuring until there is confirmation from the HMRC that there are no adverse tax implications.
21. In addition the Council and AIB have requested that the Club update the proposed heads of terms of the revised loan to reflect the position if there should be any windfall/outperformance in relation to the Club's projections. The Club have advised of their willingness to accept such an amendment and have included suggested drafting in the attached appendix which will be considered by the parties prior to completing the revised contractual terms in relation to the loans."

### **Reasons for Recommendations**

22. The implications of not accepting the proposal are the likely insolvency of the Club or a change in legal status which could have significant cost implications for the Club, reputational impact, loss of test or other major match status including impact on existing match awards.
23. Independent financial advice indicates the existing level of debt of the Club is un-servicable and even with a circa 70% write down significant financial and operating risks remain.
24. The first creditor has agreed to the terms of the restructuring, subject to the Council also doing so, which gives assurance the Council is acting in accordance with the Market Investor Principle.
25. The proposal in partnership with AIB is a generous one as in similar situations, lower ranking creditors would normally be required to write-off their outstanding amounts in full. The Council will retain opportunities to recoup some of the loan amount in future years in accordance with revised loan agreements or should there be a reversal in the Club's financial position. The Council also continues to discuss opportunities to access other benefits from the Club for example the use of rooms at the stadium where relevant.

### **Financial Implications**

26. GCCC have requested that the existing sums due to the Council of circa £6.2m are written off by circa 70%, consistent with the approach that AIB and Mr Russell, the Club's other main creditors have agreed. For the remaining balance, the Club have requested a restructuring, spreading the loan balance over a twenty year period starting 1 July 2019.

27. The risks of non recovery of loan amounts were recognised when the loans were given. In 2013/14, based on evidence available, the Council considered that the value recoverable from an accounting perspective was nil i.e the loan was fully impaired in the Council's accounts.
28. The Council subsequently engaged independent financial advice from Deloitte, whose report is attached at Appendix 2. Based on an analysis of the Club's financial forecasts, this has highlighted that the Club could support only 30% of existing debt and concludes there were more potential risks than potential upsides to the Club's financial forecasts. On this basis the Council would continue to recognise impairment at 100%.
29. With the Council having only a second charge, any insolvency scenario would mean the Council would likely receive nil. Accordingly the proposal put forward does offer an opportunity for some return in the future, in line with the first charge holder AIB.
30. It is deemed by the first and second legal charge holders that the early release of Mr Russell for a reduced upfront payment will protect the ongoing viability of the club and the ability of the creditors to realise a return on sums due.
31. The loans provided to the Club of £5.056 million were initially charged as capital expenditure to be ultimately paid for by borrowing. Since 2012/13, the Council has been making an annual prudent provision for the repayment of the sums due as part of its Minimum Revenue Provision for repayment of debt. Given the risks of non repayment, the Council has also been making 100% bad debt provision for any interest due on the loans outstanding. This will mean that there will be no impact of the write off in the Council's revenue budget for 2014/15. This position was also adopted when the Council's Budget for 2015/16 was set. Consideration would need to be given as to whether any future interest due as part of a restructured loan agreement should also be provided for in full.

### **Legal Implications**

32. The body of this report proposes the write off of part of the debt due from GCCC to the Council. In terms of potential State Aid, AIB as a market investor has agreed to the same percentage write off in regard to its own debt. As mentioned in the report, the Council will retain opportunities to recoup some of the loan amount in future years as a consequence of the revised loan agreements. This is an improvement on the position whereby AIB could have called for the Council's debt to be written off in full as a pre-condition to writing off part of its own debt.

### **RECOMMENDATIONS**

The Cabinet is recommended to:

1. In line with the other main creditors, write-off circa 70% of the value of sums outstanding on loans made to Glamorgan County Cricket Club.

2. Agree the heads of terms and revised terms for repayment of amounts outstanding, whilst acknowledging that there can be no absolute guarantee that income generated by the Club will enable it to repay the proposed restructured loan.
3. Delegate authority to the Corporate Director Resources to complete revised contractual terms with the club in consultation with County Solicitor and the Cabinet Member for Corporate Services and Performance..

**CHRISTINE SALTER**

**Corporate Director**

13 March 2015

*The following Appendices are attached:*

Appendix 1: Draft Loan Restructuring Term Sheet – February 2015  
(Confidential)

Appendix 2: Delloitte report to Cardiff Council - Independent financial review  
(confidential)

By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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By virtue of paragraph(s) 14, 21 of Part(s) 4 and 5 of Schedule 12A of the Local Government Act 1972.

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## Scrutiny Committee Member Call In Request Confirmation of Electronic Notification

For the attention of the Operational Manager Scrutiny.

### PART A

Councillor... Russell Goodway  
E-mail address...***Russell Goodway@cardiff.gov.uk***

### PART B

As a non-executive member of the Scrutiny Committee, I hereby formally request the 'call-in' of decision number ***CAB/14/105 19 March 2015*** on the Decision Register.

***This decision (CAB/14/105) proposes to write-off circa 70% of the value of sums outstanding on loans made to Glamorgan County Cricket Club to improve the Club's ground infrastructure and to meet standards required for the staging of test matches.***

The principal reasons for the call in are:

- 1. The apparent failure to consider other options to secure the council-taxpayers interest;***
- 2. The apparent willingness to collaborate in the release of a bank guarantee and the repayment of loan capital to a lower ranking creditor to the apparent detriment of council-taxpayers;***
- 3. The apparent failure to secure changes in the organisation's management to secure improvements in the Club's financial performance;***
- 4. The on-going financial performance of the Club and its apparent inability to pay its debts when they fall due;***
- 5. The apparent failure to secure appropriate benefits in kind to mitigate the loss to the council taxpayer;***
- 6. The risk to the council's reputation resulting from the decision to enter into the proposed agreement.***

***I am therefore calling in the decision to: a)consider the merits of the decision; b)consider the process by which the decision has been made; and c)make recommendations (to support the decision, change aspects of the decision, or to invite the decision making body to reconsider).***

Signed: ...Cllr Russell Goodway..... 31 March 2015 (12:50)