



**REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT &
IMPROVEMENT**

LOAN TO NOTTINGHAMSHIRE COUNTY CRICKET CLUB

Purpose of the Report

1. The purpose of this report is to seek approval for the granting of a loan of £2.7 million to Nottinghamshire County Cricket Club to help fund the development plans for the Club on terms and conditions set out in the body of the report.

Information and Advice

2. Members are no doubt aware that Trent Bridge, the home of Nottinghamshire County Cricket Club (NCCC), is a world famous cricketing landmark. It is universally regarded as one of the finest cricket venues across the globe. It has hosted county and test cricket since 1838 and is the world's third oldest Test ground.
3. NCCC has invested heavily over the last 25 years in order for the Trent Bridge ground to retain test cricket venue status. The most notable developments include the £7.2 million Trent Bridge Cricket Centre, also known as the Radcliffe Road Stand, which opened to huge acclaim in 1998, the Fox Road Stand development costing nearly £2.0 million opened in 2002 and the £8.2 million Bridgford Road Stand development opened in 2008. On-going investment in the ground is seen by the Club as a central plank of its strategy to retain Test match venue status as it competes with other ambitious cricket clubs in the country.
4. The Council recognises the socio-economic benefits of NCCC continuing to be a major sporting attraction and has a history of working in partnership with NCCC and other partner local authorities, including a previous 20 year loan agreed in 2007 of £1.23 million. The County Council recognises the benefit the community gains both in terms of reputation and economically for a thriving, world renowned, international cricket ground.
5. NCCC has requested a further loan to enable it to continue to provide international cricket fixtures in Nottinghamshire. The loan of £2.7 million from the County (with the same amounts requested of Nottingham City Council and Rushcliffe Borough Council i.e. £8.1 million in total) will ensure that NCCC can continue with its next phase of ground development; including media and player facilities and both ground capacity and hospitality.
6. The loan requested will be over 20 years and at a commercial rate of interest at the equivalent of the prevailing Public Works Loans Board (PWLB) rate (when the agreement is signed) plus 2%. Currently the PWLB equates to 3.06% (note the rate changes daily).

Both Nottingham City Council and Rushcliffe Borough Council, subject to their own Cabinet/Committee approval, will be authorising loans on the same basis. The loan will be secured against NCCC's assets to safeguard the interests of the councils.

7. NCCC are looking to invest £8.1m in a Media facility, refurbishing the Pavilion and enhancing the William Clarke Stand and Lady Bay development (works to be carried out during the winters of 2015 to 2017). This will ensure facilities compete with the very best. NCCC have requested Nottinghamshire County Council, Nottingham City Council and Rushcliffe Borough Council provide a loan equivalent to £2.7m per authority. The initial discussions with NCCC, the respective Chief Executives and Section 151 officers have provisionally agreed the following terms, subject to their respective Cabinet/Committee(s) approval:

- The loan is over 20 years, with no holiday periods for capital repayment;
- The partnership loan is secured as a charge on the NCCC ground;
- The loan will be drawn upon over the two years as required; and
- The interest rate is fixed at the 20 year annuity PWLB rate at the time of the legal agreement plus 2% (at 19 August 2015 the total rate would be 5.06%).

8. The loan is therefore on a more 'commercial basis' and is balanced against the other socio-economic benefits derived from having a modern test ground facility in Nottinghamshire.

Other Options Considered

9. There are options to either not progress with the loan or potentially looking at changing any of the parameters for the loan (for example either the rate of interest or the timespan of the loan). NCCC, after negotiation, are comfortable with the loan terms as stated at paragraph 7.

Reason/s for Recommendation/s

10. Enhancing the NCCC ground will ensure the community benefits in terms of leisure provision as well as the obvious economic benefits to the area. Securing the status of Trent Bridge as a premier international cricket ground will help to maintain and enhance the national and international reputation of Nottinghamshire.

Statutory and Policy Implications

11. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

12. Financial implications are largely covered in the body of the report. Using the 5.06% interest rate as an example, the Council would accrue, over the 20 years, £1.6 million in interest repayments. There is a technical accounting issue Members should be aware of that as the Council looks to borrow it must finance the principal repayment from revenue.

However the loan repayment from NCCC is treated as a capital receipt. The void between capital receipt and revenue cost would be met from the use of reserves which had otherwise been earmarked to fund capital expenditure (the Capital Projects Reserve). The capital receipts derived from the loan would fund capital projects.

13. Advance of the £2.7 million loan would count against the capital programme.

14. The largest risk is potential default on the loan. A review of the most recent accounts combined with the fact that there is no history of loan default gives a degree of surety in this regard.

RECOMMENDATION/S

15. It is recommended that:

- a. A further loan of £2.7 million repayable over 20 years at a rate of interest of the prevailing PWLB rate (the rate at the time the agreement is signed) plus 2%;
- b. That the Section 151 Officer has delegated authority, in consultation with the Chair of Finance and Property Committee and Monitoring Officer, to agree the final repayment schedule and legal agreement.

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Constitutional Comments (SSR 01/09/2015)

16. All proposals for loans to individuals or outside bodies should be accompanied by an appropriate risk assessment. The recommendations set out in this report fall within the scope of decisions which may be approved by Policy Committee.

Financial Comments (NS 1/9/15)

The financial implications are set out in the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All